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MARKETING and TRANSPORTATION SITUATION



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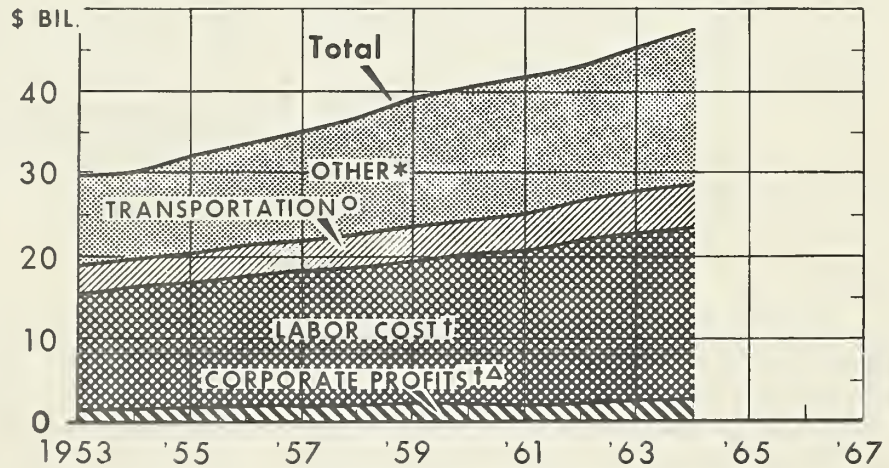
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AUGUST 1965

CURRENT SERIAL RECORDS

The bill for marketing domestic farm-originated food products bought by U.S. civilian consumers reached \$47.3 billion in 1964--4 percent higher than in 1963. This rise was caused mainly by growth in the volume of products marketed. It equaled the average annual increase of the preceding 10 years. All components of the marketing bill increased. Costs of labor directly engaged in marketing these products made up 44 percent of the marketing bill compared with 45 percent in 1963 and 49 percent in 1954. Growth in volume of products marketed accounted for the increase in labor costs in 1964; labor cost per unit of product decreased. Rail and truck transportation made up 11 percent of the marketing bill in 1964; corporate profits before taxes on income accounted for 6 percent; and other costs and noncorporate profits for 39 percent.

COMPONENTS OF TOTAL FARM FOOD MARKETING BILL



FOR DOMESTIC FARM FOODS BOUGHT BY U. S. CIVILIAN CONSUMERS.
*OTHER COSTS AND NONCORPORATE PROFITS. ○ INTERCITY RAIL AND TRUCK ONLY.
↑ EXCLUDES INTERCITY TRANSPORTATION FIRMS. ▲ PROFITS BEFORE TAXES.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 409 X-65 (7) ECONOMIC RESEARCH SERVICE

IN THIS ISSUE

- Marketing Bill for Food Products
- Marketing Bill for Cigarettes
- Advertising Expenditures for Marketing Food
- Storage Facilities for Grain
- Mergers by Retail Grocery Store Companies
- Meatpackers' Fresh Beef and Pork Costs

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1964			1965	
		Year	Apr.-June	Oct.-Dec.	Jan.-Mar.	Apr.-June
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	1,015	1,004	1,019	1,015	1,038
Farm value	Dol.	373	360	378	383	410
Farm-retail spread	Dol.	642	644	641	632	628
Farmer's share of retail cost	Pct.	37	36	37	38	40
Cotton: 2/						
Retail cost	Dol.	2.17	2.16	2.19	2.18	2.17
Farm value	Dol.	.31	.32	.30	.30	.30
Farm-retail spread	Dol.	1.86	3/1.84	1.89	1.88	1.87
Farmer's share of retail cost	Pct.	14	15	14	14	14
Cigarettes: 4/						
Retail cost	Ct.	29.9	---	---	---	---
Farm value	Ct.	3.85	---	---	---	---
Federal and State excise taxes	Ct.	13.0	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	13.1	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 5/						
Disposable personal income	Dol.	2,248	2,243	2,289	2,314	2,343
Expenditures for goods and services	Dol.	2,078	2,065	2,104	2,158	2,177
Expenditures for food	Dol.	416	412	423	427	434
Expenditures for food as percentage of disposable income	Pct.	18.5	18.4	18.5	18.5	18.5
6/						
Hourly earnings, production workers, manufacturing:	Dol.	2.53	2.53	2.60	2.61	2.62
Hourly earnings of food marketing employees 7/	Dol.	2.25	2.25	2.31	2.32	---
Retail sales: 8/						
Food stores	Mil. dol.	5,183	5,202	5,400	5,405	5,480
Apparel stores	Mil. dol.	1,297	1,322	1,253	1,326	1,301
Manufacturers' inventories: 8/						
Food and kindred products	Mil. dol.	6,030	5,991	6,182	6,100	6,049
Textile mill products	Mil. dol.	2,837	2,754	2,828	2,826	2,887
Tobacco products	Mil. dol.	2,359	2,322	2,307	2,328	2,317
Indexes of industrial production: 9/						
Food and beverage manufactures	1957-59=100	121	120	123	120	---
Textile mill products	1957-59=100	123	119	132	132	---
Apparel products	1957-59=100	134	134	144	---	---
Tobacco products	1957-59=100	121	118	121	---	---
Index of physical volume of farm marketings	1957-59=100	118	104	86	87	105
<u>Price indexes</u>						
Consumer price index 6/	1957-59=100	108.1	108.0	109.3	109.6	110.1
Wholesale prices of food 6/	1957-59=100	100.8	100.8	103.1	103.6	103.4
Wholesale prices of cotton products 6/	1957-59=100	99.6	98.7	99.7	99.9	100.2
Wholesale prices of woolen products 6/	1957-59=100	103.0	102.8	103.1	103.8	104.0
Prices received by farmers 10/	1957-59=100	98	96	101	104	106
Prices paid by farmers, interest, taxes, and wage rates 10/	1957-59=100	107	107	109	110	110

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. Data for 1964 differ slightly from these previously published. 3/ Farm-retail spread does not include Federal payments, which began in April 1964, of 6.5 cents per pound made through issuance of payment-in-kind certificates to domestic users of eligible U.S. raw upland cotton. 4/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of domestic leaf tobacco of cigarette-types; data for year ended June 30, 1965. 5/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. 6/ Dept. Labor. 7/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 8/ Seasonally adjusted, Dept. Commerce. Sales data for 1964 are averages of monthly totals (unadjusted). Inventory data for 1964 are book values at end of year (adjusted). 9/ Seasonally adjusted, Board of Governors of Federal Reserve System. 10/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, August 6, 1965

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SUMMARY

The spread between the total retail cost and farm value of the market basket of farm foods decreased slightly in the second quarter of this year. This was the second straight quarterly decline. Much of the reduction was in spreads for meat products. The spread between prices at retail and at the farm level for meat products usually narrows when meat animal prices rise as they have in recent months. Similarly, in the second quarter of 1964 the sharp reduction in farm prices for livestock resulted in a widening in the farm-retail price spread. Accordingly, the marketing spread in the second quarter was narrower by about 2 percent than in the same period of 1964. Spreads were narrower for all product groups except fruits and vegetables and fats and oils.

Much or all of the recent decrease in farm-retail spreads for meat products is likely to be temporary. After prices of meat animals level off or turn down, farm-retail spreads are likely to rise.

Prices received by farmers for products in the market basket of farm foods averaged 7 percent higher in second quarter 1965 than in the preceding quarter. Most of the increase resulted from higher prices for items in reduced supply, such as beef cattle, hogs, potatoes, lettuce, and some other fresh vegetables.

Farm prices for the market basket products averaged 14 percent higher than in the second quarter last year. Gains in prices of meat animals and fresh vegetables were mainly responsible.

Retail cost of the market basket of farm food products rose 2 percent in April-June from the preceding quarter, mainly on higher prices for fresh vegetables and meat products. The retail cost averaged 3 percent above a year earlier.

Farmers received 40 cents of the dollar consumers spent for farm foods in retail food stores in April-June, 2 cents more

than in the first quarter and 4 cents above the second quarter 1964, when the share was at a postwar low.

In July the farm value of the foods in the market basket apparently was about the same as in June, and the retail cost was slightly higher than in June.

Highlights of Special Articles

The Bill for Marketing Farm Food Products, p. 12 --The bill for marketing domestic farm-originated foods bought by U.S. civilian consumers totaled \$47.3 billion in 1964, up more than 4 percent from 1963. This increase equaled the annual average rise in the preceding 10 years. Total payments to farmers for farm products equivalent to these foods increased about 4 percent from 1963. Civilian consumers spent \$69.8 billion for these foods in 1964, almost \$3 billion more than in the previous year. Increases in consumer expenditures, in the marketing bill, and in returns to farmers resulted mainly from increased marketings.

The marketing bill in 1964 was \$17 billion (58 percent) larger than in 1954. About \$10 billion of this increase resulted from growth in marketings; rising unit marketing charges accounted for the remainder.

Costs of labor employed by food marketing firms in 1964 were up 3 percent from 1963. All of this increase resulted from growth in the volume of products handled. Labor costs per unit of product decreased in both 1964 and 1963, although average hourly earnings of employees rose in both years. Output per man-hour has been increased by improvements in technology, in marketing facilities, and in the skill of management and labor.

Profits (before taxes) of corporations marketing farm foods accounted for about 6 percent of the total marketing bill in 1964. This component increased 12 percent from 1963 to 1964, the largest increase since 1955.

The Marketing Bill for Cigarettes, p. 17 - Consumers spent \$7.1 billion for cigarettes in 1964, down a little from 1963, but up 61 percent from 1954. This rise resulted from increases in retail prices and in the volume sold. A shift in consumer preference from regular to filter tip cigarettes was a factor in the higher average price.

Total returns to U.S. growers for the tobacco used in cigarettes for domestic consumption increased about 16 percent from 1954 to 1964 and made up 9 percent of consumers' expenditures for these cigarettes in 1964. Prices farmers received for leaf tobacco increased more slowly than retail prices of cigarettes and the average quantity of leaf tobacco used per 1,000 cigarettes decreased.

The bill for marketing cigarettes was 67 percent larger in 1964 than in 1954 and made up 45 percent of consumers' expenditures for cigarettes in 1964. Taxes on cigarettes, particularly State and local taxes, also increased. Taxes made up 46 percent of consumer's expenditures in 1964.

The manufacturing segment of the marketing bill grew faster than the wholesaling-retailing segment. Cost of cigarette papers, packaging materials, labels, advertising, and other goods and services used by cigarette manufacturers increased, and manufacturers' profits also increased.

An Analysis of Advertising Expenditures by Corporations Marketing Food and Kindred Products, 1950-64, p. 24 ---Expenditures for advertising by corporations marketing food and kindred products increased to approximately \$2.2 billion in 1964, nearly 4 times the total in 1950. More than half this rise resulted from increases by manufacturing corporations. However, manufacturers' advertising expenditures did not rise as rapidly as those of food retailing corporations, whose expenditures in 1964 were more than 11 times those of 1950. Expenditures by wholesalers increased 68 percent during this period. In 1964, manufacturers

accounted for 64 percent of the total advertising expenditures by food marketing corporations; retailers accounted for 31 percent; and wholesale corporations, for 5 percent. Cooperative advertising, whereby a manufacturer reimburses a retailer for part or all of the retailer's expenditures for advertising the manufacturer's product, contributed to the rapid rise in retailers' advertising expenditures.

Each food manufacturing industry increased advertising expenditures as a percentage of sales. The introduction of new products stimulated manufacturers' advertising. Advertising expenditures by individual food manufacturing industries varied from 0.3 percent of sales for the sugar industry to 8.0 percent for corporations manufacturing miscellaneous food and kindred products in 1962.

Off-Farm Commercial Storage Facilities for Grain, p. 27 .-- Providing storage capacity is a major function in marketing grain. After leaving the farm, grain is stored at many country elevators throughout the United States. Much of it is later moved to larger terminal elevators at market and port cities. From 1951 to 1962, off-farm commercial grain storage capacity increased from 2.2 billion bushels to 5.5 billion. Capacity has decreased slightly since 1962. The percentage of total storage space occupied declined from about 69 percent in 1961 to about 50 percent in 1964. Storage space now available is expected to take care of most needs in the foreseeable future. Only temporary, local shortages are likely to occur. In 1963, wheat made up about 48 percent of the grain stored and grain sorghums, 29 percent. Much of the grain stored in commercial facilities is held under U.S. Government programs.

Mergers and Acquisitions by Retail Grocery Store Companies, p. 32 .-- During 1959-64, retail grocery store companies acquired 1,634 grocery establishments with estimated sales totaling over \$2 billion.

During this period, retail grocery store companies made acquisitions primarily

within the retail grocery store field. However, such acquisitions declined from the previous period, 1952-58. At the same time, the number of acquisitions of nonfood establishments increased substantially and those of food establishments not primarily engaged in the retail grocery trade remained about the same as in 1952-58.

The 10 major grocery store chains dominated the merger movement within the retail grocery store trade. They led in number of establishments acquired and in sales size of acquisitions.

From 1959 through 1963, the vast majority of retail grocery stores acquired by retail grocery store companies were supermarkets. However, in 1964, more convenience stores were acquired than supermarkets.

Meatpackers' Costs for Fresh Beef and Pork, p. 37 .-- Information provided by commercial packers located in the Cornbelt, the Southeast, and the Southwest shows that costs of buying cattle (other than payments for cattle) made up 3 percent of their total costs of dressing and shipping fresh beef during September-November 1963. Dressing costs made up about 68 percent of the total; selling and shipping dressed meat accounted for 21 percent; and local delivery to retailers accounted for 8 percent. During the same months, costs of buying hogs (other than payments for hogs) accounted for 4 percent of the total cost of dressing and shipping fresh pork; dressing costs made up 74 percent of the total; selling and shipping fresh pork were 15 percent; and local delivery to retailers amounted to 7 percent. The distribution of costs in December 1963-February 1964 was almost the same as in the preceding period. The packers' spread between returns per 100 pounds of wholesale products and costs of livestock and purchased carcasses was larger for pork than for beef. So were operating and delivery costs and the packers' net margin between cost and returns per 100 pounds of wholesale products (before payment of taxes, interest, and returns to investment).

FARM-RETAIL SPREADS FOR FARM-FOOD PRODUCTS

Food Marketing Spreads Decline

The spread between the total retail cost and farm value of the "market basket" of farm-originated food products averaged \$628 (annual rate) in the second quarter this year, down 1 percent from the preceding quarter (table 24, p. 45). ^{1/} This decline continued the downward movement of the previous quarter and was the largest quarter-to-quarter decrease since the first quarter 1960.

The farm-retail spread for the meat group was down about 10 percent from the first quarter; spreads for dairy products, fruits and vegetables, and fats and oils increased. Changes for other product groups were negligible.

The farm-retail spread for the market basket was 2 percent below the second quarter of 1964 (table 2). Spreads decreased for all product groups except fruits and vegetables and fats and oils. The meat products group showed the greatest decrease--11 percent. Declines for most other product groups were slight. The spread for the fats and oils group increased 3 percent. An increase of 1 percent in the spread for the fruits and vegetables group was caused by an increase for fresh fruits and vegetables more than offsetting decreases for the processed products.

Much or all of the recent decrease in marketing spreads for meat products is

likely to be temporary. Short-term decreases in farm-retail spreads for meat products usually accompany rising farm prices for meat animals. After prices of meat animals level off or turn down, farm-retail spreads usually rise.

Farm Value Up Sharply

The farm value of foods in the market basket rose sharply to an annual rate of \$410 in the second quarter, up 7 percent from the previous quarter (table 23, p. 44). Mostly responsible were increases in farm prices for items in reduced supply, such as beef cattle, hogs, potatoes, lettuce, and some other fresh vegetables. Prices were lower than in the previous quarter for milk for fluid use, wheat, oranges for processing, soybeans, and a few other products (table 23, p. 44). The farm value in the second quarter was the highest since the second quarter of 1958 when prices of both beef cattle and hogs had risen sharply for several months.

The farm value of the market basket foods in the second quarter was \$50 higher than in the same quarter of 1964--an increase of 14 percent. Farm values of all product groups, except for miscellaneous products, showed increases over last year. Increased prices for beef cattle and hogs contributed most to the increase in farm value. The meat products group was up 27 percent from the second quarter last year when it was at the lowest level since the first quarter of 1957. Prices received by farmers for

^{1/} The "market basket" contains the average quantities of domestic farm-originated food products purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods or fishery products and other foods of non-farm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and the farm value. It is an estimate of gross revenues received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1954-65 ^{1/}

Year and month	Retail cost	Farm value	Farm-retail spread	Farmer's share
		<u>2/</u>		
	Dollars	Dollars	Dollars	Percent
1954	933	<u>3/</u> 398	<u>3/</u> 535	<u>3/</u> 43
1955	917	<u>3/</u> 373	<u>3/</u> 544	<u>3/</u> 41
1956	920	<u>3/</u> 369	<u>3/</u> 551	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964 ^{4/}	1,015	373	642	37
<u>1964</u>				
January	1,014	375	639	37
February	1,012	369	643	36
March	1,006	371	635	37
April	1,004	361	643	36
May	1,000	360	640	36
June	1,008	360	648	36
July	1,023	381	642	37
August	1,021	383	638	38
September	1,028	387	641	38
October	1,022	379	643	37
November	1,018	378	640	37
December	1,019	377	642	37
<u>1965</u>				
January	1,015	381	634	38
February	1,013	383	630	38
March	1,015	384	631	38
April	1,022	394	628	39
May	1,030	412	618	40
June	1,063	424	639	40

^{1/} Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

^{2/} Payments to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

^{3/} Revised.

^{4/} Preliminary estimates.

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, April-June 1965 and April-June 1964

Item	Apr.-June 1965	Apr.-June 1964	Change: April-June 1965 from April-June 1964	
			Actual	Percentage
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
Retail cost				
Market basket	1,038.45	1,003.99	34.46	3
Meat products	292.20	273.37	18.83	7
Dairy products	177.83	177.98	-.15	1/
Poultry and eggs	82.63	80.43	2.20	3
Bakery and cereal products ..	160.87	158.96	1.91	1
All fruits and vegetables ..	241.06	231.68	9.38	4
Fats and oils	37.73	34.62	3.11	9
Miscellaneous products	46.13	46.95	-.82	-2
Farm value				
Market basket	410.25	360.42	49.83	14
Meat products	164.07	129.13	34.94	27
Dairy products	77.12	76.18	.94	1
Poultry and eggs	46.40	43.82	2.58	6
Bakery and cereal products ..	32.54	30.25	2.29	8
All fruits and vegetables ..	70.01	62.84	7.17	11
Fats and oils	11.79	9.55	2.24	23
Miscellaneous products	8.32	8.65	-.33	-4
Farm-retail spread				
Market basket	628.20	643.57	-15.37	-2
Meat products	128.13	144.24	-16.11	-11
Dairy products	100.71	101.80	-1.09	-1
Poultry and eggs	36.23	36.61	-.38	-1
Bakery and cereal products ..	128.33	128.71	-.37	1/
All fruits and vegetables ..	171.05	168.84	2.21	1
Fats and oils	25.94	25.07	.87	3
Miscellaneous products	37.81	38.30	-.49	-1
Farmer's share of retail cost				
	<u>Percent</u>	<u>Percent</u>	<u>Percentage point</u>	
Market basket	40	36	4	
Meat products	56	47	9	
Dairy products	43	43	0	
Poultry and eggs	56	54	2	
Bakery and cereal products ..	20	19	1	
All fruits and vegetables ..	29	27	2	
Fats and oils	31	28	3	
Miscellaneous products	18	18	0	

1/ Less than 0.5 percent.

fresh vegetables also contributed significantly to the gain. Prices received by farmers for all fresh vegetables in the market basket except for cucumbers rose significantly. The farm value of fresh fruits was down by one-fifth because of lower prices for apples, grapefruit, and oranges. The farm value of the fats and oils group was up 23 percent, mainly because of increases in soybean prices. The farm value of bakery and cereal products rose 8 percent. Increased prices of frying chickens boosted the farm value of the poultry and eggs group by 6 percent. The dairy products group showed the smallest increase from last year. Sugar accounted for the decline in the farm value of the miscellaneous group.

Based on incomplete data, the market basket farm value appeared to be about the same in July as in June. Decreases for fresh fruits and vegetables offset increases for meat products and most other product groups.

Retail Costs Rise

The retail cost of the market basket of farm foods averaged \$1,038 (annual rate) in the second quarter, up 2 percent from the preceding quarter. Higher prices of fresh fruits and vegetables contributed most. The meat products group was a close second. Changes in retail costs from the previous quarter were relatively minor for other product groups.

The retail cost was up 3 percent from a year earlier during the April-June quarter. Meat products and fresh vegetables accounted for most of the increase.

Preliminary data indicate that the retail cost of the market basket of farm foods was slightly higher in July than in June. A decrease in the retail cost of fresh vegetables apparently was more than offset by increases for meat and most other product groups.

Farmer's Share Increases to 40 Cents

Farmers received an average of 40

cents of the consumer's dollar spent on farm foods in retail stores in the second quarter, compared with 38 cents in the previous quarter and 36 cents a year earlier--a postwar low. The quarterly average farmer's share has not been this high since the third quarter of 1958. The increase reflects both reductions in farm-retail spreads and increases in farm values.

Farm Value of Beef and Pork Rise Rapidly; Marketing Spread Narrows

The retail price of Choice beef averaged 80.6 cents per pound in the second quarter, up 2.0 cents from the previous quarter and 4.6 cents above a year earlier (table 3). This gain was smaller than the increase in farm value, which averaged 48.1 cents in the second quarter, up 4.5 cents from the first quarter and 7.8 cents above a year earlier.

Because of the smaller increase in retail price, the farm-retail spread for beef decreased to 32.5 cents, down 2.5 cents from the previous quarter and 3.2 cents from second quarter 1964. All of the decrease in the spread was in the wholesale-retail segment, which decreased to 21.3 cents, down 2.9 cents from the previous quarter and down 3.6 cents from a year earlier. However, the farm-wholesale spread, which averaged 11.2 cents, was 0.4 cent greater than in both the preceding quarter and the second quarter last year. Commercial beef production was down 4 percent from April-June 1964.

The retail price of pork averaged 59.7 cents per pound in the second quarter, 2.9 cents higher than in the previous quarter and 4.9 cents higher than a year earlier (table 3). As with Choice beef, the increase in retail price for pork was much smaller than the gain in farm value. The farm value averaged 35.2 cents, up 6.9 cents from the previous 3 months and 9.3 cents above a year earlier. As a result, the farm-retail spread for pork decreased 4.0 cents from the first quarter to an average of 24.5 cents in April-June. The wholesale-retail segment accounted

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price by quarters, 1964-65

Date	Retail price: per pound <u>1/</u>	Wholesale: value <u>2/</u>	Gross farm value <u>3/</u>	Byproduct: allowance <u>4/</u>	Net farm value <u>5/</u>	Farm-retail spread			
						Total	Wholesale- retail	Farm- wholesale	Farmer's share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1964									
Jan.-Mar.	77.5	52.6	6/47.2	4.1	6/43.1	6/34.4	24.9	6/9.5	6/56
Apr.-June	76.0	51.1	44.5	6/4.2	6/40.3	6/35.7	24.9	6/10.8	53
July-Sept.	78.5	56.4	6/47.8	6/4.2	6/43.6	6/34.9	22.1	6/12.8	56
Oct.-Dec.	79.3	54.9	6/46.7	4.2	6/42.5	6/36.8	24.4	6/12.4	54
1965									
Jan.-Mar.	78.6	54.4	47.9	4.3	43.6	35.0	24.2	10.8	55
Apr.-June	80.6	59.3	53.0	4.9	48.1	32.5	21.3	11.2	60
July-Sept.									
Oct.-Dec.									
Pork									
1964									
Jan.-Mar.	55.6	38.9	29.2	3.8	25.4	30.2	16.7	13.5	46
Apr.-June	54.8	38.7	29.8	6/3.9	6/25.9	6/28.9	16.1	6/12.8	47
July-Sept.	6/58.0	42.9	6/33.5	4.1	6/29.4	6/28.6	6/15.1	6/13.5	6/51
Oct.-Dec.	57.1	39.7	6/30.3	4.2	6/26.1	6/31.0	17.4	6/13.6	6/46
1965									
Jan.-Mar.	56.8	41.1	32.8	4.5	28.3	28.5	15.7	12.8	50
Apr.-June	59.7	46.9	40.4	5.2	35.2	24.5	12.8	11.7	59
July-Sept.									
Oct.-Dec.									
Lamb, (Choice grade)									
1964									
Jan.-Mar.	71.9	47.7	6/44.2	7.0	6/37.2	6/34.7	24.2	6/10.5	6/52
Apr.-June	6/71.9	54.1	6/48.1	6/7.4	6/40.7	6/31.2	6/17.8	6/13.4	6/57
July-Sept.	6/75.3	56.3	6/48.9	6/6.5	6/42.4	6/32.9	6/19.0	6/13.9	56
Oct.-Dec.	75.5	51.8	6/45.9	7.4	6/38.5	6/37.0	23.7	6/13.3	51
1965									
Jan.-Mar.	75.4	55.3	50.2	8.1	42.1	33.3	20.1	13.2	56
Apr.-June	78.6	61.0	54.8	8.2	46.6	32.0	17.6	14.4	59
July-Sept.									
Oct.-Dec.									

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

6/ Revised.

for 2.9 cents of the decrease and the farm-wholesale segment for the rest. The farm-retail spread for pork was lower than in any quarter since first quarter 1956. Pork production during April-June was about 11 percent smaller than in the same period last year.

Prices and Marketing Spreads Up for Fresh Fruits and Vegetables

The farm value of fresh fruits and vegetables in the market basket was 22 percent greater in the second quarter this year than in the previous quarter. Unfavorable spring weather caused a reduction in marketings of lettuce. As a result prices received by farmers for lettuce in the second quarter averaged twice those in the first. Onion prices were up 75 percent; cabbage was up 62 percent; and already record-high potato prices were up 15 percent. Farm prices were lower for lemons, oranges, cucumbers, and spinach. The farm-retail spread also widened, so the increase in retail cost of fresh fruits and vegetables was greater than the gain in farm value.

Potatoes.--The retail price for 10 pounds averaged 112.1 cents in the second quarter, up 15.8 cents from the preceding quarter. The farm value of potatoes

reached a record-high quarterly average of 49.2 cents in April-June, up 6.6 cents from the previous high in the first quarter. The farm-retail spread increased 9.2 cents to 62.9 cents.

The farm value in the second quarter was 17.8 cents above the same quarter a year earlier. The retail price was up 36.2 cents; thus, the spread was up 18.4 cents.

Prices received by farmers for potatoes reached a peak in May and declined in June; however, the retail price continued to increase from May to June, widening the farm-retail spread.

Lettuce.--The farm value for lettuce averaged 12.9 cents per head in the second quarter, up 105 percent from the first quarter because of a temporary supply shortage that developed in April. The retail price increased to 29.3 cents, 27 percent above the first quarter. The farm-retail spread decreased to 16.4 cents from 16.8 cents in the previous quarter.

The farm value for lettuce in the second quarter was up 1 1/2 times from the same period last year; the retail price was up 35 percent; and the spread was down about 1 percent.

: The Marketing and Transportation Situation is published in :
: February, May, August, and November. :

: The next issue is scheduled for release on November 22, 1965. :

THE BILL FOR MARKETING FARM FOOD PRODUCTS

The bill for marketing domestic farm-originated foods to U.S. civilian consumers totaled \$47.3 billion in 1964, up more than 4 percent from 1963 and equal to the average annual rise during the preceding 10 years (table 4). ^{1/} Volume of food handled increased 4 percent and unit marketing charges averaged about the same in both years.

The marketing bill has increased every year since 1950. From 1954 to 1964 it rose about 58 percent or \$17 billion. Growth in volume accounted for about \$10 billion of the increase; rising unit marketing charges accounted for the remainder.

Total payment to farmers for the farm products equivalent to these foods increased about 4 percent from 1963 to 1964. Much of this rise resulted from increased marketings of each of the commodity groups. A big increase in farmers' sales of livestock offset the effect of sharply lower prices of meat animals on the farm value of the meat products group. Much of the increase in total farm value resulted from markedly higher prices for potatoes, several fresh vegetables, and oranges for processing. During 1954-1964, the farm value of these foods gained about 22 percent. Although farm prices were lower in 1964 than in 1954, increased volume was more than offsetting.

Civilian consumers spent \$69.8 billion in 1964 to purchase domestic farm-originated foods, up almost \$3 billion from the previous year. Prices of these foods in retail food stores increased less than 1 percent; but those in away-from-home eating places rose more. The marketing bill accounted for two-thirds of civilian

expenditures for farm foods in 1963 and 1964 compared with three-fifths in 1954.

Components of the Farm-Food Marketing Bill

Labor.--Direct labor costs for marketing domestic farm-originated foods to civilian consumers were estimated at \$20.8 billion in 1964, up 3 percent from 1963, and 41 percent from 1954 (table 5). These costs made up 44 percent of the marketing bill in 1964 compared with 45 percent in 1963 and 49 percent in 1954.

Growth in volume of products handled accounted for the increase in the labor cost component in 1964; labor cost per unit of product decreased last year also in 1963 (table 6). The labor cost component was 41 percent larger in 1964 than in 1954. About three-fourths of this increase resulted from the expanding volume of products handled; a rise in unit labor cost accounted for the remainder.

Labor costs per unit of product marketed decreased in 1963 and 1964 although average hourly earnings of employees continued to rise (table 6). Unit labor costs have decreased in only 1 other year since World War II--1955. Average hourly earnings in 1964 were 45 percent higher than in 1954, but improvements in output per man-hour held the rise in unit labor costs to 8 percent. Output per man-hour has been increased mainly by improvements in technology, in marketing facilities, and in the skill of management and labor.

Rail and truck transportation.--The bill for hauling farm-originated food products

^{1/} The marketing bill is the difference between the total expenditures by civilian consumers for domestic farm food products and the farm value or returns that farmers received for the equivalent farm products. It is an estimate of the total charges for transporting, processing, wholesaling, and retailing farm foods. Foods sold in the form of meals in restaurants and other eating places and those sold at less than retail prices are valued at the point of sale. Estimates do not include the value of food products not produced on farms in the United States, foods consumed on farms where produced, or foods not sold to civilian consumers in this country.

Table 4.--The total marketing bill, farm value, and consumer expenditures for domestic farm food products bought by civilians, United States, 1947-64

Year	Total marketing bill	Farm value	Civilian expendi- tures for farm foods	Year	Total marketing bill	Farm value	Civilian expendi- tures for farm foods
	Billion dollars	Billion dollars	Billion dollars		Billion dollars	Billion dollars	Billion dollars
1947-49 average:	22.5	18.3	40.8	1957-59 average:	37.1	20.1	57.2
1950	23.9	17.6	41.5	1960	41.0	20.9	61.9
1951	26.4	20.0	46.4	1961	41.9	21.0	62.9
1952	28.3	19.8	48.1	1962	43.2	21.7	64.9
1953	29.2	19.1	48.3	1963	45.3	21.6	66.9
1954	30.0	18.4	48.4	1964 <u>1/</u> ..	47.3	22.5	69.8
1955	32.0	18.3	50.3	::	:	:	:
1956	33.7	18.7	52.4	::	:	:	:
1957	35.2	19.5	54.7	::	:	:	:
1958	36.8	20.8	57.6	::	:	:	:
1959	39.2	20.0	59.2	::	:	:	:

1/ Preliminary. In calculating the farm value of wheat products, the cost of domestic wheat marketing certificates (70 cents) to wheat processors was added to the market price of wheat starting in the second half of 1964. This more than offset the reduced market price of wheat.

Beginning with 1960, estimates in this table are for 50 States.

Data for 1929-50 were published in the Marketing and Transportation Situation, Aug. 1964, (MTS-154), and in a reprint ERS 20 (1964).

by truck and rail increased to \$5.1 billion in 1964, from \$5.0 billion in the previous year. In addition to freight charges, this bill includes charges for refrigerating and heating cars and trucks carrying perishable products. The rail and truck transportation component made up about 11 percent of the total marketing bill in 1964 as it did in 1954.

Estimates of the transportation bill for 1950-62 exceed previously published estimates by \$0.1 billion to \$0.5 billion because of revisions in source data.

Corporate profits.--Profits (before taxes) earned by corporations from marketing the products covered by the farm-food marketing bill amounted to \$2.7 billion in 1964, \$0.3 billion (12 percent) more than in 1963 (table 5). This was the largest increase since 1955. Before-tax profits

accounted for about 6 percent of the total marketing bill in 1964 compared with 5 percent in 1963 and 1954. Profits after taxes were 52 percent of before-tax profits in 1964, a slightly larger percentage than in 1963 and 1954. After-tax profits per dollar of sales to consumers increased to 2.0 percent in 1964 compared with 1.8 percent in 1963 and 1.4 percent in 1954. The reduction in corporate income tax rates and the 7-percent investment tax credit added to 1964 after-tax profits.

Other costs.--Other costs and non-corporate profits, the residual group in the marketing bill, amounted to \$18.7 billion last year, 6 percent more than in 1963. This component includes advertising costs, depreciation, taxes other than Federal income taxes, costs of intercity transportation other than rail and truck, rents, interest, and costs of containers

Table 5.--Labor, transportation, corporate profits, and other costs for marketing farm food products, United States, 1947-64 ^{1/}

Year	Labor ^{2/}	Rail and truck transportation ^{3/}	Corporate profits ^{4/}		Other ^{5/}	Total marketing bill
			Before income taxes	After income taxes		
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
1947	9.7	2.0	1.5	1.0	7.5	20.7
1948	10.8	2.2	1.3	.8	8.6	22.9
1949	11.3	2.3	1.3	.7	9.0	23.9
1950	11.8	2.7	1.6	.9	7.8	23.9
1951	12.5	2.7	1.3	.6	9.9	26.4
1952	13.3	3.1	1.4	.6	10.5	28.3
1953	14.1	3.3	1.5	.7	10.3	29.2
1954	14.8	3.4	1.5	.7	10.3	30.0
1955	15.1	3.4	1.8	.9	11.7	32.0
1956	15.8	3.8	1.9	.9	12.2	33.7
1957	16.3	3.9	1.9	.9	13.1	35.2
1958	16.7	4.2	1.9	.9	14.0	36.8
1959	17.4	4.5	2.1	1.0	15.2	39.2
1957-59 avg. .	16.8	4.2	2.0	.9	14.1	37.1
1960	18.5	4.6	2.1	.9	15.8	41.0
1961	19.0	4.9	2.2	1.0	15.8	41.9
1962	19.8	4.9	2.2	1.0	16.3	43.2
1963	20.2	5.0	2.4	1.2	17.7	45.3
1964 ^{6/}	20.8	5.1	2.7	1.4	18.7	47.3

^{1/} For domestic farm foods bought by civilian consumers in this country.

^{2/} Does not include the cost of labor employed in intercity for-hire transportation.

^{3/} Includes charges for the protective services, heating and refrigeration; does not include local hauling; charges for intercity transportation by water and air are a part of the "other" or residual component of the marketing bill.

^{4/} Does not include profits of unincorporated firms or firms engaged in intercity transportation.

^{5/} Residual components; includes other costs such as fuel, electric power, containers, packaging materials, air and water transportation, interest on borrowed capital, taxes other than those on income, and noncorporate profits.

^{6/} Preliminary.

Data for 1939-46 were published in the Marketing and Transportation Situation, Aug. 1964, (MFS); and in the reprint ERS-20 (1964).

Table 6.--Average hourly earnings and labor costs and profits per unit of product for marketing farm food products, United States, 1947-64 1/

(Index numbers 1957-59=100)					
Year	Hourly earnings <u>2/</u>	Unit labor cost <u>2/</u>	Profit per unit of product <u>3/</u>		
			Before taxes	After taxes	
1947	58	74	96	127	
1948	63	84	82	103	
1949	67	86	80	99	
1950	69	86	99	115	
1951	74	92	83	80	
1952	77	94	81	75	
1953	82	96	86	83	
1954	87	97	81	79	
1955	89	96	97	99	
1956	92	96	98	99	
1957	97	98	97	95	
1958	100	101	99	99	
1959	103	101	104	105	
1960	108	103	97	94	
1961	112	104	101	100	
1962	117	107	101	98	
1963	121	106	---	---	
1964 <u>4/</u>	126	105	---	---	

1/ For domestic farm-originated foods bought by civilian consumers in this country.

2/ Hourly earnings estimated by dividing total labor cost by total man-hours for all workers. These data include proprietors and family workers not receiving stated remuneration. They also include supplements to wages and salaries. Unit labor cost is the quotient of the indexes of total labor cost (table 5) and of volume of farm food products marketed to civilian consumers. The index of farm food products marketed was constructed by weighting the quantities sold by 1957-59 average retail prices. Beginning with 1960, these estimates are for 50 States.

3/ Profit per unit of product is the quotient of the index of total corporate profits from marketing farm foods produced and consumed in the United States and the index of the volume of farm food products marketed.

4/ Preliminary.

Data for 1939-46 were published in the Marketing and Transportation Situation, Aug. 1964, (MTS-154); and in the reprint ERS 20 (1964).

and packaging materials, fuel, electric power, and many other goods and services. This component also includes profits of unincorporated food marketing firms.

possible to make an estimate totaled about \$6.0 billion in 1963 and made up 13 percent of the farm food marketing bill (table 7). 2/

Those items for which it has been

2/ Estimates in table 7 were based on data in Statistics of Income, published by the Internal Revenue Service and on census data.

Table 7 .--Costs of selected items in the food marketing bill, by type of food marketing firm, 1947-49 average and 1962-63 ^{1/}

Item	Processors			Wholesalers ^{2/}		
	Average	1962	1963	Average	1962	1963
	1947-49			1947-49		
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	dol.	dol.	dol.	dol.	dol.	dol.
Advertising	310	892	932	42	84	87
Depreciation	225	718	750	43	176	184
Interest	42	118	124	14	49	51
Business taxes ^{3/}	240	571	596	52	145	150
Rent	42	184	194	18	136	141
Repairs, contributions, bad debts	220	439	455	25	93	96
Total	1,079	2,922	3,051	194	683	709
	Retailers ^{4/}			Total all groups		
	Average	1962	1963	Average	1962	1963
	1947-49			1947-49		
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	dol.	dol.	dol.	dol.	dol.	dol.
Advertising	107	370	381	459	1,346	1,400
Depreciation	126	485	497	394	1,379	1,431
Interest	14	64	64	70	231	239
Business taxes ^{3/}	134	452	465	426	1,168	1,211
Rent	163	577	590	223	897	925
Repairs, contributions, bad debts	50	212	215	295	744	766
Total	594	2,160	2,212	1,867	5,765	5,972

^{1/} Estimates are based on Internal Revenue Service and census data and are subject to revision. These estimates are for both corporate and noncorporate firms and relate only to domestic farm foods sold to U.S. civilian consumers. For that reason, the data for advertising differ from those in tables 10 and 11.

^{2/} Merchant wholesalers of groceries and related products.

^{3/} Includes property, social security, unemployment insurance, State income, and franchise taxes, license fees, etc., but does not include Federal income tax. Social security and unemployment insurance taxes also are included in the labor cost component (table 5) as labor supplements.

^{4/} Includes retail food stores; does not include restaurants and other eating places.

THE MARKETING BILL FOR CIGARETTES ^{1/}

U.S. consumer expenditures for cigarettes declined slightly in 1964 after moving upward steadily for many years. The \$7.1 billion spent in 1964 was 2 1/3 times 1947 expenditures of \$3.0 billion (table 8). This increase reflected an upward trend in both consumption and prices. Cigarette consumption increased by about one-half during the period and average retail prices by almost three-fifths. Increases in population and consumer incomes contributed to the growth in consumption.

The shift in consumer preference from regular cigarettes to filter tips was a factor in the higher average price. In 1953, when the market for filters began to develop, about 3 percent of the cigarettes consumed in the United States had filters, but by 1964 more than three-fifths were of this type. Before 1963, manufacturers list prices for filters were higher than those for regular and king-size cigarettes. The wholesale price announced (less trade discounts) in 1953 for some brands of filter tips was \$2.64 per 1,000 more than the price of regular cigarettes; however, the price for a leading brand was 88 cents more than those for regular cigarettes. This differential gradually declined to 20 cents in 1963. The differential between king-size nonfilter and king-size filter tips was eliminated in 1963.

The farm value of the tobacco used in domestically produced cigarettes consumed in this country was \$642 million in 1964 compared with \$429 million in 1947 (table 8). Returns to farmers did not increase by as large a percentage as did consumer expenditures because prices

received by farmers for leaf tobacco did not rise as fast as retail prices of cigarettes. In addition, the average quantity of tobacco used per 1,000 cigarettes decreased. The farm value made up 9 percent of consumer expenditures in 1964 compared with 14 percent in 1947.

The cigarette marketing bill.--The bill for marketing cigarettes smoked in the United States totaled \$3.2 billion in 1964 compared with \$1.2 billion in 1947. It represented 45 percent of consumer expenditures in 1964 and 38 percent in 1947.

This marketing bill is the difference between the farm value and consumer expenditures for cigarettes less excise taxes. It is composed of the manufacturing bill and the wholesaling-retailing bill. ^{2/} The manufacturing bill increased by a faster rate than the wholesaling-retailing bill from 1947 to 1964. By 1964, it accounted for 54 percent of the marketing bill compared with 50 percent in 1947.

Excise taxes have accounted for about the same proportion of consumer expenditures for cigarettes--46 percent in 1964 and 48 percent in 1947. The proportion represented by Federal excise taxes has declined, but that represented by State and local excise taxes has doubled.

Manufacturing Bill

The manufacturing bill is an estimate of total charges for assembling, stemming, redrying, storing and aging tobacco, converting tobacco into cigarettes, and selling cigarettes to wholesalers and retailers.

^{1/} Prepared by Virginia M. Farnworth, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

^{2/} Estimates of consumer expenditures for cigarettes (table 8) include those for imported cigarettes, but these expenditures are negligible. The farm value series in these statistics (table 8) is a smaller percentage of consumer expenditures than the farmer's share of the retail price of cigarettes published quarterly in the Marketing and Transportation Situation, (p. 2). This farmer's share is for a cigarette formula containing only domestic tobacco, whereas the farm value series (table 8) is only for the domestic tobacco used in cigarettes; the value of imported tobacco is part of the marketing bill.

Table 8.--Cigarettes: Consumer expenditures, marketing bill and farm value, United States, 1947-64

Year	Consumer expenditures 1/	Farm value 2/	Marketing bill			Taxes		
			Manufac- turing 3/	Wholesaling- retailing 4/	Total	Federal	State and local	Total
	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
1947	3,044	429	581	583	1,164	1,174	277	1,451
1948	3,319	437	664	650	1,314	1,220	348	1,568
1949	3,463	492	690	663	1,353	1,231	387	1,618
1950	3,626	482	757	703	1,460	1,261	423	1,684
1951	3,934	560	792	763	1,555	1,363	456	1,819
1952	4,326	579	828	870	1,698	1,576	473	2,049
1953	4,537	562	966	988	1,954	1,547	474	2,021
1954	4,406	552	951	967	1,918	1,475	461	1,936
1955	4,544	542	1,067	910	1,977	1,528	497	2,025
1956	4,843	574	1,112	1,034	2,146	1,573	550	2,123
1957	5,267	581	1,233	1,211	2,444	1,638	604	2,242
1958	5,564	609	1,403	1,130	2,533	1,746	676	2,422
1959	6,036	654	1,444	1,306	2,750	1,815	817	2,632
1960	6,384	651	1,531	1,370	2,901	1,880	952	2,832
1961	6,630	703	1,567	1,371	2,938	1,952	1,037	2,989
1962	6,788	737	1,568	1,405	2,973	1,978	1,100	3,078
1963	7,175	684	1,748	1,494	3,242	2,039	1,210	3,249
1964	7,100	642	1,735	1,465	3,200	1,990	1,268	3,258

1/ Estimated by Office of Business Economics, U.S. Department of Commerce.

2/ Estimated by multiplying quantities of each of the 3 types of tobacco used in cigarettes consumed domestically by grower prices for tobacco harvested in the previous calendar year.

3/ Difference between farm value and manufacturers' gross receipts from cigarettes, less Federal excise tax; gross receipts calculated by multiplying manufacturers' list prices less 2 percent cash discount by quantity of cigarettes sold for domestic consumption.

4/ Difference between manufacturers' gross receipts and consumer expenditures less State and local taxes.

5/ Preliminary.

Since stemming and redrying leaf tobacco, the first step in preparing it for aging, results in a substantial reduction in bulk and weight, this function is usually performed at plants located in the vicinity of the larger auction markets.

In the past, it was customary to reduce the moisture content of the entire tobacco leaf before aging and stemming, but with the introduction of threshing machines as a means of removing the stem, the industry gradually adopted the practice of stemming before redrying rather than waiting until after the tobacco was aged. "Green stemming" offers several important advantages, including (1) less spoilage, (2) more uniform redrying, and (3) lower storage and handling costs due to reduced weight and bulk.

Little information is available relating to costs of stemming and redrying tobacco. In 1963, charges for contract stemming and redrying average 7.7 cents per pound (stemmed, packed weight), according to the Census of Manufacturers. Leaf tobacco loses about a third of its weight in this process.

Stemmed and redried tobacco is transferred to warehouses in the vicinity of a manufacturing plant for aging and storage. The aging process may be considered a continuation of the curing process begun on the farm. As a rule, aging requires 2 to 2 1/2 years.

After tobacco is aged, the leaves of different classes, type, and qualities are blended for making cigarettes. Some leaf tobacco is more aromatic, some stronger, and some slower burning. Mixing tobacco of different characteristics results in a uniform product of desired characteristics. Imported Oriental tobacco is usually added to a blend to modify taste and aroma. In the 1950's, reconstituted sheet tobacco was developed and used in making cigarettes. It is composed of fine particles and scraps of tobacco leaves and parts of the stems, which are reconstituted into a sheet. This sheet is blended

with leaf tobacco. The blended tobacco is sliced and shredded. Flavoring agents are sprayed over it, and it is treated with humectants to increase its moisture holding qualities. Blending and other steps in preparing tobacco for use in cigarettes is highly mechanized, although not so much, as the manufacture of cigarettes.

Modern machines produce cigarettes in a continuous flow beginning with the shredded tobacco and rolls of cigarette paper and ending with the packed shipping container.

Manufacturing costs.--Maintaining an inventory of aged tobacco is a major manufacturing expense, including depreciation and upkeep of warehouses, transportation and handling costs, and interest on investment in tobacco. Cigarette manufacturers' inventories were valued at \$2.6 billion in 1962; tobacco stocks were estimated at 88 percent of the total.

According to data compiled from the Census of Manufacturers, tobacco accounted for about 80 percent of the total value of raw materials, containers, and supplies consumed in manufacturing cigarettes in 1958; cellophane accounted for 5.6 percent and paper and paperboard, excluding foilback and cigarette paper, for 1.9 percent. The remaining 12.5 percent was for other materials.

Extensive automation in cigarette production has kept manufacturing costs down. These costs are estimated at about 1 cent per pack, exclusive of tobacco. 3/ In addition, manufacturers have substantial selling costs.

Costs of cigarette papers, containers, paper and paperboard, fuel, electricity, contract work, and goods for resale made up the largest cost component of the manufacturing bill (table 9). The total cost of these items increased from 77 cents per 1,000 cigarettes in 1947 to 97 cents in 1961 (latest year for which data are available).

3/ Tobacco in the United States, USDA, Agr. Mktg. Serv., Misc. Pub. 867, July 1961.

Table 9.--Components of the manufacturing bill for cigarettes, 1947-61 ^{1/}

Year	Paper containers, etc. ^{2/}	Adver- tising	Production wages	Imported tobacco ^{3/}	Other costs	Net income		Total
						Before taxes	After taxes	
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1947	259	46	42	38	69	127	80	581
1948	280	52	45	38	92	157	98	664
1949	270	62	50	35	96	177	110	690
1950	300	67	51	36	108	195	107	757
1951	308	78	59	40	108	199	88	792
1952	---	---	---	---	---	---	---	---
1953	366	101	71	42	163	223	96	966
1954	339	108	75	43	150	236	113	951
1955	356	123	83	45	173	287	139	1,067
1956	337	144	87	49	197	298	143	1,112
1957	383	162	91	52	238	307	148	1,233
1958	432	191	109	65	194	412	198	1,403
1959	442	202	115	68	188	429	207	1,444
1960	476	201	116	70	228	439	211	1,530
1961	472	204	122	69	224	476	229	1,567

^{1/} Estimates of components based on data compiled by the Internal Revenue Service and in the Census of Manufactures.

^{2/} Cigarette paper, containers, parts, supplies, fuel, electricity, contract work, and cost of resales.

^{3/} Does not include duty on imported tobacco.

Advertising costs made up the fastest growing component of the manufacturing bill. These costs increased to 42 cents per 1,000 cigarettes in 1961 from about 14 cents in 1947, and represented 13 percent of the manufacturing bill compared with 8 percent in 1947. Product differentiation and brand advertising have played an important role in marketing cigarettes. All cigarettes are sold by brand. In general, manufacturers have at least 1 brand in each of the following categories: (1) Regular size, nonfilter; (2) king size, nonfilter; (3) king size, filter tip; and (4) mentholated. Frequently a single brand name is used for 2 or more of the above types.

Wages of production workers constituted 8 percent of the manufacturing bill in 1961. Hourly earnings of these employees increased from an average of \$1.12 in 1947 to \$2.32 in 1961. Output per man-hour did not rise as much as hourly earnings, so unit labor costs increased. Production wages averaged 25 cents per 1,000 cigarettes in 1961, up from about 13 cents in 1947.

The cost of imported tobacco was a relatively small and decreasing component of the manufacturing bill--7 percent in 1947, 4 percent in 1961.

Other costs, the residual in the manufacturing bill, accounted for 14 percent of the total in 1961. These included transportation charges, depreciation, rents, insurance, interest on borrowed capital, taxes other than excise and income taxes, salaries and wages of non-production workers and other employment costs, and miscellaneous items.

Profits before taxes on income in 1961 were about 4 times those in 1947; profits after taxes were about 3 times the 1947 total. Before-tax profits represented 30 percent of the manufacturing bill in 1961 and after-tax profits made up 15 percent. After-tax profits averaged 47 cents per 1,000 cigarettes in 1961 compared with 24 cents in 1947. Federal income taxes were

51 cents per 1,000 cigarettes in 1961 and 14 cents in 1947.

Industry structure.--Six manufacturing firms produce nearly all of the U.S. cigarette output. Trade analysts have estimated that the largest of these firms produced 33 percent of total output in 1964; the second largest produced 25 percent; the third produced 12 percent; and, the fourth, fifth, and sixth, produced about 10 percent each. 4/

Proportions shifted among firms between 1947 and 1964, but all were substantial producers. The present concentration in cigarette manufacturing does not represent a significant change from the historical pattern.

Cigarette manufacturing is also concentrated geographically. North Carolina produces about 60 percent; Virginia, 21 percent; and Kentucky close to 19 percent of the U.S. output.

Until recently, cigarette producers have restricted most of their output to tobacco products. Diversification has not developed as rapidly as in many industries, probably because of the rapid growth of the cigarette industry. Information disseminated concerning smoking and health in the past few years may have encouraged diversification.

The Wholesaling-Retailing Bill

The wholesaling-retailing bill includes costs and profits involved in wholesaling and retailing cigarettes. It is the difference between the manufacturers' gross receipts including Federal excise taxes and consumer expenditures less State and local cigarette taxes.

This bill has increased more slowly than the manufacturing bill. In 1964, it represented about 21 percent of consumer expenditures for cigarettes and 46 percent of the cigarette marketing bill (table 8). The wholesaling-retailing bill per 1,000

4/ Printer's Ink, Dec. 1964.

cigarettes was \$2.95 in 1964 compared with \$1.74 in 1947.

Manufacturers sell a large proportion of their cigarettes to tobacco wholesalers and jobbers. With the increase in cigarette sales by grocery chains, the proportion of cigarettes going directly from the factory to the retail warehouse probably has increased.

Tobacco wholesalers purchase large quantities of the various brands from manufacturers and resell smaller quantities to retailers in their areas. Wholesalers' costs are for procurement, transportation, storage, and sales.

Many types of retail outlets handle cigarettes. Grocery stores accounted for about 34 percent of retail sales of cigarettes in 1963. ^{5/} Other important outlets are vending machines, drug stores, cigar stores, restaurants, bars, and liquor stores. Smaller quantities go to military installations, department and variety stores, mail order houses, hotels and motels, amusement parks, and service stations.

Retailers' charges include costs of buying, storage, display, and selling. The recent trend toward more brands has tended to increase both retailing and wholesaling costs since more items must be stocked at one time.

The Cigarette Tax Bill

Revenues from cigarette taxes totaled \$3.3 billion in 1964 compared with about \$1.5 billion in 1947. Federal taxes increased from \$1.2 billion to \$2.0 billion between these 2 years and State and local taxes rose from \$0.3 billion in 1947 to \$1.3 billion in 1964.

Excise and use taxes levied on cigarettes have represented a major consumer cost for many years. In 1947, Federal taxes were 7 cents per pack and State and local taxes averaged about 1.4 cents, for a total

of 8.4 cents per pack. Since 1947, the Federal levy has increased to 8 cents. Rates of State and local agencies were increased frequently and in 1964 averaged 5.1 cents.

Cigarette tax bills were introduced in the legislature of 16 States in the first 6 months of 1964 and 7 of them were passed. As a result, 6 States increased their tax rates 2 to 3 cents a pack, and 1 voted to continue the existing rate. As of January 1, 1965, 15 States had an 8-cent tax, the same as the Federal rate, and 1 had a 9-cent tax. Only North Carolina and Oregon did not tax cigarettes.

Smaller political units also tax cigarettes. New York City raised its tax on cigarettes from 2 to 4 cents per pack, and St. Louis from 3 to 5 cents in 1963. A 2-cent tax was levied in Los Angeles for the first time, in 1965.

Returns to Tobacco Growers

The domestic tobacco used in making cigarettes consumed in this country had a farm value of \$642 million in 1964--up 50 percent from 1947. This value was calculated by multiplying the quantity of leaf tobacco (farm sales-weight) equivalent to cigarettes consumed in each year by the prices received by farmers for the crop harvested in the previous year. Since tobacco is aged 2 to 2 1/2 years before it is used in cigarettes, these prices probably differed from those paid for tobacco used in those years. These prices, however, were those paid for replacement stocks. Use of previous-year prices in calculating the farm value accords with the last-in-first-out accounting method of valuation.

Flue-cured tobacco accounted for about 61 percent of the farm value in 1964, burley for 38 percent, and Maryland tobacco for a little more than 1 percent. Prices received by farmers for these 3 types of tobacco have been higher in recent years than in the early postwar years. They averaged 58.3 cents per pound for the

^{5/} Food Field Reporter, Aug. 17, 1964.

1963-64 crop year and 45.0 cents for the 1946-47 crop year.

More leaf tobacco is required for king-size nonfilters than for regular size nonfilters because of the additional length. When a filter replaces part of the length of a cigarette correspondingly less leaf tobacco is needed. Because of differences in tobacco content, the farmer's share of the retail price is largest for king size nonfilter cigarettes and smallest for regular size filter tips.

The increase in the aggregate farm value was slowed during this period by a decrease in the average quantity of leaf tobacco used per 1,000 cigarettes (table 8). Had the leaf tobacco equivalent remained unchanged from the 1947-49 average, an additional 333 million pounds of leaf would have been used in 1963, having a value of \$198 million. The reduction in the leaf-equivalent used probably slowed the rise in retail prices.

South Atlantic and South Central States produce most of the cigarette tobacco. North Carolina and Kentucky together grow two-thirds of it. Flue-cured tobacco is auctioned from July through December, burley from November through February, and Maryland tobacco from April through

July. An estimated 400 hours of labor are now required to grow an acre of tobacco. This compares with 8 hours to produce an acre of wheat. In addition, approximately 100 hours are required to cure the tobacco produced on an acre and transport it to an auction warehouse.

Tobacco warehousemen provide the selling services required in transferring cured tobacco from growers to tobacco buyers, most of whom are manufacturers. Under the Tobacco Inspection Act of 1935, the Federal Government provides mandatory inspection and grading at markets designated by the Secretary of Agriculture. The Government also provides market news service.

Farmers are paid the same day the tobacco is sold, less the selling and warehouse charges. Charges for handling and auctioning tobacco differ substantially among markets. In the 1963-64 season, handling charges varied from 10 to 25 cents per 100 pounds of tobacco or less, auctioning fees from 15 cents to \$1.00 and commission charges ranged from 2 1/2 to 4 percent of gross sales. These charges were not deducted from the prices used in calculating the farm value, so they make up a small part of the farm value.

AN ANALYSIS OF ADVERTISING EXPENDITURES BY CORPORATIONS MARKETING FOOD AND KINDRED PRODUCTS, 1950-1964 ^{1/}

Total expenditures for advertising by manufacturers, wholesalers, and retailers of food products moved continually upward during 1950-1964 (table 10). However, the distribution of expenditures between the three levels of marketing fluctuated greatly. In terms of dollars, each marketing level increased its advertising expenditures; however, as a percentage of total advertising dollars, expenditures increased for retailing corporations but decreased for manufacturing and wholesaling.

Manufacturing corporations increased expenditures for advertising from \$435 million in 1950 to about \$1,390 million in 1964. However, the percentage of the total advertising expenditure made by this industry decreased from 78 percent in 1950 to 64 percent in 1964 (table 10).

Wholesaling corporations increased their advertising expenditures from \$65 million in 1950 to about \$109 million in 1964. This increase of \$44 million was relatively small compared with the increase of \$1,612 million in total expenditures and resulted in a decrease in their percentage of the total from 12 percent in 1951 and 1952 to 5 percent in 1962-64.

In contrast, retail corporations' expenditures for advertising increased from 11 percent in 1950 to 31 percent in 1964. As expenditures for food advertising increased, the number of corporations mainly engaged in retailing food products increased from 5,449 in 1950 to 18,264 in 1962. ^{2/} Average expenditures per food retailing firms rose to approximately \$25,500 in 1962 from \$11,000 in 1950.

Vertical cooperative advertising agreements between the manufacturer and the

retailer, whereby the manufacturer agrees to reimburse the retailer for part or all of the expenses of advertising a product, may have been a factor in the upward trend in advertising in the retail food trade. A recent, unpublished study by the Federal Trade Commission showed that 30 of the 56 largest corporations reporting in the canning industry reported a substantial part of their advertising expenditures being used for cooperative advertising.

The FTC survey also indicated that these larger firms used a smaller percentage of their sales dollar for advertising than did the industry as a whole. Smaller firms apparently spend more for advertising in an attempt to sell their products in competition with the larger firms which advertise on a national basis.

Advertising expenditures in most individual food manufacturing industries have more than doubled since 1950 (table 11). Leading the rise have been the dairy, canning, and grain mill products industries. Increases of other industries have been somewhat smaller.

Each food manufacturing industry increased advertising expenditures as a percentage of sales from 1950 to 1962 (table 11). Some industries such as meat, dairy products, and bakery products, showed comparatively small increases; whereas grain mill products, confectionery products, sugar products, and other food and kindred products showed large increases in advertising. Increased advertising for some industries may have resulted mainly from introduction of new products on the market that had to be advertised to become competitive with the proven goods already in use.

^{1/} Prepared by Fred L. Henson, economist, Marketing Economics Division, Economic Research Service, USDA.

^{2/} Internal Revenue Service.

Table 10.--Advertising expenditures by corporations marketing food and kindred products, 1950-64

Year	Type of firm				Percentage of total advertising expenditures			
	Manu- facturing	Whole- saling	Retail- ing	Total	Manu- fac- turing	Whole- saling	Retail- ing	Total
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>
1950	435.1	64.8	60.2	560.1	78	11	11	100
1951	470.1	70.3	69.1	609.5	77	12	11	100
1952 <u>1/</u> ..	519.0	77.6	76.3	672.9	77	12	11	100
1953	558.4	78.5	91.7	728.6	77	11	12	100
1954	610.9	78.8	106.4	796.1	77	10	13	100
1955	688.3	75.3	135.7	899.3	77	8	15	100
1956	724.0	84.8	167.4	976.2	74	9	17	100
1957	758.9	95.4	183.4	1,037.7	73	9	18	100
1958	782.6	95.4	184.6	1,062.6	74	9	17	100
1959	917.5	88.9	194.7	1,201.1	76	8	16	100
1960	1,011.6	82.4	303.8	1,397.8	72	6	22	100
1961	1,025.5	87.4	374.7	1,487.6	69	6	25	100
1962	1,116.7	87.8	466.6	1,671.1	67	5	28	100
1963 <u>2/</u> ..	1,227.4	94.4	566.5	1,888.3	65	5	30	100
1964 <u>2/</u> ..	1,389.8	108.6	673.2	2,171.6	64	5	31	100

1/ Data for 1952 are estimated.

2/ Figures for 1963 and 1964 are preliminary estimates.

Compiled from Source Book, Internal Revenue Service.

Table 11.--Advertising expenditures by corporations manufacturing food and kindred products: Total and as percentage of sales, 1950-62 ^{1/}

Year	Advertising by industry group								
	Meat products	Dairy products	Grain mill products ^{2/}	Canning : fruits, vegetables, and seafoods	Bakery products	Sugar	Confectionery	Other food and kindred products	Food and kindred products ^{3/}
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1950 ...	51.5	54.3	75.6	57.1	56.9	2.5	34.2	60.8	69.2
1951 ...	49.9	65.3	80.3	64.7	62.8	2.9	38.8	68.8	63.6
^{4/}									
1953 ...	61.5	70.9	94.7	80.5	72.8	3.0	39.6	91.1	83.7
1954 ...	72.7	80.3	102.1	91.3	75.4	2.9	42.5	101.6	88.0
1955 ...	75.3	87.0	116.9	106.9	92.2	3.5	46.7	112.2	102.6
1956 ...	86.5	91.5	109.5	110.9	101.0	3.9	48.3	121.4	104.8
1957 ...	88.5	78.1	106.1	112.4	111.1	4.2	54.2	138.2	115.1
1958 ...	72.1	124.3	137.3	128.9	111.4	5.1	60.7	82.4	119.9
1959 ...	80.3	135.7	172.8	145.4	121.3	5.0	67.8	98.3	128.9
1960 ...	88.2	140.7	191.3	147.2	117.8	7.5	73.3	111.8	133.8
1961 ...	89.1	149.9	205.2	129.6	128.7	5.2	75.9	114.4	127.5
1962 ...	98.0	152.9	245.6	142.1	129.6	5.0	74.6	124.9	131.5
Advertising expenditures as percentage of sales									
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1950 ...	0.4	1.5	1.7	1.8	2.1	0.2	2.6	3.0	5.8
1951 ...	.4	1.6	1.6	2.1	2.2	.2	2.8	2.9	5.3
^{4/}									
1953 ...	.5	1.7	1.9	2.4	2.3	.2	2.8	3.5	6.1
1954 ...	.5	2.0	2.0	2.7	2.3	.2	2.9	3.5	6.2
1955 ...	.6	2.0	2.3	2.7	2.5	.2	3.1	3.7	6.2
1956 ...	.6	2.1	2.1	2.7	2.8	.3	3.3	3.7	6.3
1957 ...	.6	1.9	2.0	2.7	2.8	.3	3.5	4.1	6.8
1958 ...	.5	1.4	2.2	2.7	2.7	.3	3.7	4.2	6.9
1959 ...	.5	1.5	2.6	2.7	3.0	.3	4.1	4.8	7.4
1960 ...	.6	1.4	2.8	2.7	2.6	.4	4.1	5.3	8.3
1961 ...	.5	1.6	2.9	2.5	2.7	.3	4.2	5.1	8.0
1962 ...	.6	1.6	3.2	2.7	2.5	.3	4.2	4.9	8.0

^{1/} Based on data from the Internal Revenue Service Source Book. Data for 1958 and later years reflect important changes in classification. Dairy corporations previously classified in Retail or Wholesale Trade Not Allocable were transferred into the proper manufacturing classification, if they had even a small degree of processing in their operations. Thus, 2,277 dairy companies were transferred from trade to dairy manufacturing in 1958. Within the manufacturing industry group, classification changes affected to a lesser magnitude the baking, cereal preparations, and grain mill products industries.

^{2/} Excludes animal feed.

^{3/} Not allocable.

^{4/} Data for 1952 are not available.

OFF-FARM COMMERCIAL STORAGE FACILITIES FOR GRAIN^{1/}

Few industries in the United States require such a tremendous volume of space to store their products as does the grain marketing industry. Grain is stored in great quantities after harvest and before processing. ^{2/} As grain is harvested, a small volume is needed to fill immediate inventory requirements at grain processing facilities, but larger quantities are stored in commercial grain storage facilities for later use in this country and for export.

Storage Capacity Growth and Utilization

All commercial grain storage facilities in the United States, commonly referred to as grain elevators, have an estimated capacity of 5.4 billion bushels in 1965. However, an elevator generally needs some of its capacity for working space--space used for moving grain in and out and within the facility. Thus, the capacity available to store grain stocks is about 4.5 billion bushels.

From 1951 to early 1962, the total off-farm commercial grain storage capacity increased steadily from 2.2 billion bushels to 5.5 billion (table 12). Since 1962 this capacity has remained rather constant with only a slight decrease in the past 3 years. The present space available for storage likely will take care of most needs in the foreseeable future. Only local shortages are likely to occur.

The percentage of total storage space occupied increased substantially from 51 percent in 1957 to 69 percent in 1961. Since 1961, it has declined to about 50 percent (table 12). The peak volume of grain stored within the crop year comes after harvest is completed in the fall. Storage stocks then decline until the new harvest begins. Since the carryover of grain stocks has been declining in recent years, the difference

between the high and low has been much greater than in the past. Stocks filled nearly 63 percent of the storage space in January 1964, but, less than 41 percent 6 months later--a drop of 1.2 billion bushels. Large Government stocks were shipped during this period.

Much of the grain occupying commercial grain storage facilities is held under Government programs. On December 31, 1964, the Commodity Credit Corporation owned about 1.6 billion bushels of grain stored in grain elevators and warehouses. In 1960, CCC stored nearly 3 billion bushels of grain in commercial grain storage facilities.

The Government approves space for storage of CCC grain under Uniform Grain Storage Agreements. Approved capacity reached a maximum of 4.9 billion bushels in 1961, about double that in 1956. This increase accompanied the large carryover of Government grain in those years. Approved capacity had declined to 4.7 billion by 1964. Allowance for working space in approved houses reduced the space available to CCC grains by nearly 1 billion bushels to about 3.8 billion bushels in 1964. The U.S. Government pays only for approved space actually used to store grain owned by the CCC.

Location of Storage Capacity

Grain enters marketing channels at many country elevators in grain-producing areas throughout the United States. Terminal facilities are generally within the production region but may be long distances away. Both country and terminal elevators store grain but much of it is moved from the country elevators and reconcentrated in the larger terminal elevators at market and port cities.

^{1/} Prepared by Allen G. Schienbein, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

^{2/} General use of the term "grain" is defined as wheat, corn, soybeans, oats, barley, flaxseed, rye, and grain sorghums.

Table 12.--Commercial grain storage capacity and utilization, United States, 1951-65

Year	Storage capacity 1/		Grain inventory: Average for year	Percentage of total capacity utilized
	Total, Jan. 1 2/	Approved for		
		U.S. Govt. grain:		
		storage Dec. 31 3/		
	1,000 bu.	1,000 bu.	1,000 bu.	Pct.
1951	2,175,942	---	---	---
1952	---	1,240,277	858,904	---
1953	---	1,340,893	975,971	---
1954	2,873,639	1,904,766	1,222,132	42.5
1955	---	1,997,458	1,554,434	---
1956	---	2,565,510	1,736,185	---
1957	3,500,513	2,841,243	1,805,440	51.6
1958	---	3,528,255	2,165,745	---
1959	---	4,198,148	2,798,354	---
1960	---	4,467,797	3,130,413	---
1961	4,993,280	4,883,137	3,430,639	68.7
1962	5,472,160	4,790,898	3,197,228	58.4
1963	5,471,230	4,678,419	2,896,361	52.9
1964	5,438,150	4,675,908	2,759,842	50.7
1965	5,423,160	---	---	---

1/ These facilities include all commercial elevators, warehouses, terminals, merchant mills, ships under private control, oilseed crushers which store grains, flaxseed, and soybeans; and miscellaneous storage facilities. They exclude bins owned by the Commodity Credit Corporation, "mothball" ships under Government control used to store grains, and warehouses which store only rice, peanuts, cottonseed, and dry beans or dry peas.

2/ From Stocks of Grain in All Positions, Gr. Ig. 11-1 published quarterly by the Statistical Reporting Service, USDA. Estimates of storage capacity not available for all years.

3/ Capacity approved by U.S. Government under its Uniform Grain Storage Agreements for storage of Government-owned grain and grain under Government loan; payment is made only for space actually occupied by Government-owned grain. Data reported by Agricultural Stabilization and Conservation Service, USDA.

The Northern Plains wheat-producing area of the United States provides nearly one-third of the total grain storage space (table 13). Fifty percent of the total capacity in the plains area is located in Kansas. This region has particular need for commercial storage facilities because at harvest time great quantities move immediately off the farms into the grain traffic flow. Of the capacity in this area approved for storage of grain owned by the CCC, 63 percent was in country elevators and 37 percent in terminal elevators in 1963.

Storage capacity in the Midwestern corn

and soybean belt accounts for another third of the total U.S. space. Illinois, Iowa, and Minnesota have 64 percent of the space volume in this area. In addition to the usual inland city terminals, this area has terminal elevators at ports on the Great Lakes and Midwestern rivers. Country facilities made up 58 percent of the approved capacity and terminal elevators 42 percent.

The Southern High Plains, producing both wheat and grain sorghum, provides about one-fourth of the Nation's grain storage capacity. Texas is the major grain storer in this area. Even more of the approved

Table 13.--Total commercial grain storage capacity, capacity approved for storage of grain owned by the Commodity Credit Corporation, and proportion in country and terminal elevators, 1963-64

State and region ^{1/}	Capacity approved for U.S. Government grain storage			
	Total capacity, Jan. 1, 1964 ^{2/}	Total, Dec. 31, 1963 ^{3/}	Proportion of total in 4/--	
			Country elevators	Terminal elevators
	<u>1,000 bu.</u>	<u>1,000 bu.</u>	<u>Pct.</u>	<u>Pct.</u>
New York	70,680	55,680	2.9	97.1
Maryland	23,340	12,850	---	100.0
Northeast	137,990	83,011	5.4	94.6
Tennessee	35,870	12,915	21.6	78.4
Kentucky	27,100	14,398	31.7	68.3
Southeast	180,850	64,056	42.9	57.1
Illinois	409,500	336,978	63.5	36.5
Iowa	348,300	317,785	82.1	17.9
Minnesota	312,900	259,977	47.1	52.9
Midwest	1,675,510	1,326,064	57.8	42.2
Kansas	851,200	835,675	50.8	49.2
Nebraska	492,000	477,476	67.2	32.8
North Dakota	136,900	136,248	89.4	10.6
Northern Plains:	1,700,000	1,645,896	63.3	36.7
Texas	910,000	856,912	52.1	47.9
Oklahoma	240,000	238,654	51.5	48.5
Southern Plains:	1,322,820	1,230,754	52.6	47.4
Washington	157,200	143,029	75.0	25.0
California	112,500	70,946	69.7	30.3
Oregon	73,760	56,265	72.5	27.5
West	420,980	328,638	74.8	25.2
Total	5,438,150	4,678,419	58.4	41.6

^{1/} State data do not always add to totals for regions because data for States with smaller capacities have been omitted. Northeast: New England States, N.Y., N.J., Pa., Del., Md., and W. Va.; Southeast: Va., N.C., S.C., Ga., Fla., Ky., Tenn., Ala., and Miss.; Midwest: Ohio, Ind., Ill., Mich., Wis., Minn., Iowa, and Mo.; N. Plains: N. Dak., S. Dak., Nebr., Kans., Mont., Wyo., and Colo.; S. Plains: Ark., La., Okla., Tex., and N. Mex.; West: Idaho, Ariz., Utah, Nev., Wash., Oreg., and Calif.

^{2/} From Stocks of Grains in All Positions, Gr. Lg. 11-1 published quarterly by the Statistical Reporting Service, USDA.

^{3/} Capacity under Uniform Grain Storage Agreements. Data reported by Agricultural Stabilization and Conservation Service, USDA.

^{4/} Estimates based on sample survey of grain elevators conducted by Economic Research Service.

capacity was in terminal facilities in this area--47 percent--than in the Northern Plains and Midwest. These include the growing number of elevator facilities on the Gulf of Mexico.

The West produces mainly wheat and barley. This region has about 8 percent of total U.S. capacity. Washington, California, and Oregon are the leading States. The proportion of country to terminal capacity is quite different from that in the major grain-producing regions. Nearly 75 percent of the approved storage space is in numerous country elevators. Much of the terminal capacity is in a few port facilities.

The Northeastern and Southeastern parts of the United States are not major grain production areas. Large capacities are not needed to store grain from 1 crop to the next. Most of the storage capacity is in the port facilities located on waterways from Maine to Mississippi.

Kinds of Grain Stored

During the year beginning July 1, 1963, the average monthly quantity of all grain stored in commercial grain warehouses was 2.8 billion bushels. The peak volume of nearly 3.4 billion bushels was in January. The low was 2.3 billion bushels at the end of the crop year. Wheat accounted for about 48 percent of the total (table 14). Grain sorghum and corn accounted for another 42 percent. Country elevators held nearly two-thirds of the grain inventory during the 1963-64 crop year. The other one-third was in terminal facilities. Much of the grain probably is stored for some part of the crop year in elevators of the producing area. This storage is apt to be in country elevators.

In the Northern Plains, wheat accounted for about 70 percent of the grain stored. In the Midwest, corn made up about three-fifths and soybeans one-fifth of the total.

Terminal facilities do not necessarily store grain produced within the geographical area. In the Northeast and Southeast, the inventory on hand is generally awaiting export sale and overseas shipment from port terminals.

Type of Storage Facilities

Prior to the early 1950's the typical grain storage facility was an upright concrete structure. However, to meet a quick need for storage capacity, many flat storage buildings were constructed between 1956-62. These structures can easily be used for other purposes when grain for storage is not available.

The total U.S. storage capacity in country elevators is divided about evenly between upright and flat structures. Upright grain elevator tanks make up about 60 percent of the capacity of terminal facilities. In the Southeast, the total capacity is still heavily concentrated in the upright facilities at the country level. This area did not experience the heavy demands for Government storage space.

The increased need for storage space in terminal warehouses in the Southern Plains, particularly to store grain sorghums, cause the proportion of capacity in flat structures in that area to increase to 60 percent of the total.

Kind of construction material is related to the type of structure of the building. Most upright terminal elevators and more than half of the country uprights are concrete. Steel and wood facilities make up 44 percent of the country upright buildings. Nearly three-fourths of the flat storage is steel. Each of the 3 materials has particular advantages for particular situations, so it is not likely that drastic changes will take place in the kinds of materials used.

Table 14.--Distribution of grain inventory, by kind of grain, type of elevator, and region, 1963

Region and type of elevator <u>1/</u>	Corn	Wheat	Grain sorghum	Soybeans	Other <u>2/</u>	Total
	Percent	Percent	Percent	Percent	Percent	Percent
Northeast:						
Country <u>3/</u>	---	---	---	---	---	100.0
Terminal	27.9	58.7	0	3.2	10.2	100.0
Southeast:						
Country	21.8	2.8	---	66.8	8.6	100.0
Terminal	34.1	33.6	0.1	26.5	5.7	100.0
Midwest:						
Country	69.2	5.5	.2	19.4	5.7	100.0
Terminal	20.1	41.2	8.5	19.9	10.3	100.0
Northern Plains:						
Country	9.8	70.3	13.5	.3	6.1	100.0
Terminal	4.8	71.1	23.1	.2	.8	100.0
Southern Plains:						
Country	---	23.4	68.4	7.4	.8	100.0
Terminal	2.5	33.2	62.9	1.1	.3	100.0
West:						
Country .....	.2	42.7	33.7	---	23.4	100.0
Terminal	1.5	50.4	39.1	---	9.0	100.0
All regions:						
Country	9.2	51.9	29.5	5.7	3.7	100.0
Terminal	18.8	39.4	29.0	7.0	5.8	100.0
Total	12.2	48.0	29.3	6.1	4.4	100.0

1/ Distributions based on averages of monthly inventories; see footnote 1 of table 13 for lists of States in various regions.

2/ Includes barley, oats, rye, flaxseed, millet, dry beans, and dry peas.

3/ Not estimated because of the smallness of inventories. Estimates based on sample survey of grain elevators conducted by the Economic Research Service.

MERGERS AND ACQUISITIONS BY RETAIL GROCERY STORE COMPANIES, 1959-64 1/

Mergers and acquisitions have played an important role in shaping the market structure of and the laws that govern the American economy. 2/ This report brings up-to-date available data concerning acquisitions by retail grocery store companies. 3/

The present report is based entirely on acquisitions reported in various trade and financial publications during 1959-64. 4/ This article does not report all acquisitions by retail grocery store companies, primarily because acquisitions by those with less than 100 employees were frequently not reported in trade journals and other sources.

Little Change in Number of Acquisitions

Acquisitions by retail grocery store companies in 1959-64 numbered about the same as during 1952-58. In the later period, 253 acquisitions were reported, an average of 42 acquisitions per year. 5/ During the earlier period, 285 acquisitions were made, an average of 41 acquisitions per year (table 15).

These acquisitions were divided into 3 categories: Those within the retail

grocery trade; those within the food industry but not primarily retail grocery stores; and nonfood acquisitions.

Number of Acquisitions of Retail Grocery Stores Declined

Retail grocery store companies made acquisitions mostly within the retail grocery store field in both the 1952-58 and 1959-64 periods. Out of a total of 253 acquisitions, 72 percent were retail grocery store businesses (table 15). However, between 1952-58, 82 percent of all the acquisitions made were retail grocery store businesses. The number of retail grocery store acquisitions by retail grocery store companies declined from 34 per year during 1952-58 to 30 per year during 1959-64.

Acquisitions of retail grocery stores as a percentage of total acquisitions varied randomly from year to year, reaching a high of 84 percent in 1959 and a low of 60 percent in 1962.

Majority of grocery stores made only 1 acquisition.--Of the 89 retail grocery store companies acquiring retail grocery store businesses during 1959-64, 51 made

1/ Prepared by Edward A. Cohn and Lindon N. Crutchfield, Marketing Economics Division, Economic Research Service, USDA.

2/ The term "merger" suggests a combination of companies of similar size, whereas dissimilarity in size is suggested by the term "acquisition." To facilitate the discussion in this report, the terms "merger" and "acquisition" are used interchangeably to mean: The gaining by 1 company of effective policy control over at least 1 ongoing establishment of another company. The following were not considered acquisitions: Purchases followed by dismantling; purchases of dairy and bakery routes; purchases of establishments out of business for more than 6 months; and purchases of special formulas, equipment, machinery, patents, and copyrights.

3/ Companies primarily engaged in the retail grocery store trade: Excluded are companies heavily, but not primarily, engaged in the retail grocery store trade.

4/ Source: Chain Store Age, New York; Conference Board, New York; Food Topics, East Orange, N.J.; Food Field Reporter, East Orange, N.J.; Super Market Merchandising, New York; Super Market News, New York; Dun & Bradstreet Reference Book, New York; Moody's Industrial Manual, American and Foreign, New York; 1964 Directory of Supermarket and Grocery Chain Stores, New York; Poor's Register of Corporations, Directors and Executives, New York; Standard & Poor's Corporation Records, New York; 12,000 Leading U.S. Corporations, New York.

5/ Each acquisition may contain more than one establishment.

Table 15.--Number and type of acquisitions by retail grocery store companies reported by various trade and financial publications, United States, 1952-64 1/

Year	Total acquisitions	Type of acquisition		
		Food		Nonfood
		Grocery	Other food	
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Average:				
1952-58 <u>2/</u>	40.7	33.8	5.3	1.6
1959-64	42.2	30.3	5.2	6.7
1959	44	37	4	3
1960	41	32	3	6
1961	31	19	2	10
1962	43	26	7	9
1963	41	28	8	6
1964	53	40	7	6
Total	253	182	31	40
Percentage distribution				
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1952-58 <u>2/</u>	100	82	14	4
1959-64	100	72	12	16

1/ "Acquisition" is defined in footnote 2, p.

2/ Data for 1952-58 are estimates based on data in Ownership Changes by Purchase and Merger in Selected Food Industries, Paul E. Nelson, Jr., and Allen B. Paul, U.S. Dept. Agr., ERS, Mktg. Res. Rpt. 369, Oct. 1959, table 9, p. 20. Their data were obtained by survey.

Data for 1959-64 are from various trade journals and financial publications. (See footnote 4, p. 32.)

only 1 acquisition, 31 made 2-4 acquisitions, 6 made 5-9 acquisitions, and only 1 company made 10 or more. That company acquired 19 retail grocery store businesses during the period.

Establishments acquired.--The 182 acquisitions made by retail grocery store companies in 1959-64 involved 1,634 grocery store establishments (table 16). From 1959 to 1963 the vast majority of

these acquired establishments--89 percent--were supermarkets. 6/ However, in 1964, the number of convenience stores acquired exceeded the number of supermarkets. 7/

Of the 182 acquisitions of retail grocery store businesses, 116 were of 5 or fewer establishments, 23 were of 6-10 establishments, 28 were 11-20 establishments, and 15 were of more than 20 establishments.

6/ Grocery stores with annual sales of \$520,000 or more.

7/ Convenience stores are small, well stocked superettes.

Table 16.--Number and estimated sales of retail grocery establishments acquired by retail grocery companies, United States, 1959-64

Year	Establishments acquired					Estimated sales 3/ Million dollars
	Super-	Non-super-	Convenience	Unknown	Total	
	markets 1/	markets	stores 2/			
	Number	Number	Number	Number	Number	
1959 ...	167	3	11	22	203	300
1960 ...	216	7	0	20	243	355
1961 ...	306	4	8	16	334	374
1962 ...	257	6	0	15	278	319
1963 ...	170	0	10	12	192	312
1964 ...	155	6	186	37	384	386
Total :	1,271	26	215	122	1,634	2,046

1/ A supermarket is defined as a retail grocery store with annual sales over \$520,000.

2/ A convenience store is a small, well-stocked superette based on convenience--easy drive-up parking, limited but complete stock of foods (mostly national labels), 7 days a week operation, and late hours. (From Progressive Grocer, April 1965.)

3/ Sales were available for 64 percent of establishments acquired. Sales were estimated for the rest by making the following assumptions: (1) All "unknown" establishments were supermarkets; (2) all supermarkets had sales size of the average supermarket during the year in which the acquisition was made; (average supermarket size for the years 1959-63 was obtained from Distribution of Food Store Sales in 270 Cities, prepared by Supermarket News, based on U.S. Department of Commerce and trade reports; data for 1964 from Progressive Grocer, April 1965); (3) all non-supermarkets had sales of \$0.4 million, and (4) all convenience stores had sales of \$0.2 million. Had these assumptions been applied to the establishments for which sales were known, the total sales for the period would have been estimated at 6.3 percent less than they actually were.

Acquisitions by Largest 100 Retail Grocery Store Companies

The largest 100 grocery store companies, ranked by sales size, accounted for 65 percent of the 182 acquisitions made within the retail grocery store trade and 83 percent of all the retail grocery store establishments acquired during 1959-64 (table 17). These 100 companies averaged 1.2 acquisitions per company within the retail grocery store trade between 1959-64.

The 25 companies having the largest sales volume averaged 2.8 acquisitions per company and the second largest 25 companies averaged 1.3 acquisitions per company over the period. The third and fourth largest 25 companies averaged

only 0.3 and 0.2 acquisition, respectively.

Largest 10 companies led in number of establishments acquired.--The number of establishments acquired is a better indicator of involvement in the merger movement than the number of acquisitions because an acquisition may contain more than one establishment.

The largest 10 grocery store chains accounted for 16 percent of all the acquisitions made within the retail grocery store trade, but they accounted for 39 percent of all the establishments acquired during 1959-64. The next largest 40 chains made 42 percent of all the acquisitions and acquired 41 percent of all the establishments. The leading 50 chains accounted for 57 percent of all

Table 17.--Retail grocery store companies making acquisitions of retail grocery businesses, by sales rank of acquiring company, United States, 1959-64

Largest 100 companies ranked by sales size 1/	Companies making acquisitions	Acquisitions			Establishments acquired		
		Number	Percent 2/	Average per company	Number	Percent 4/	Average per acquisition
			of total		Total	of total	
Largest 10	10	29	15.9	2.9	629	38.5	21.7
Next largest 15 ...	12	42	23.1	2.8	325	19.9	7.7
Total, largest 25 companies	22	71	39.0	2.8	954	58.4	13.4
2nd largest 25	16	33	18.1	1.3	355	21.7	10.8
3rd largest 25	4	8	4.4	.3	24	1.5	3.0
4th largest 25	3	6	3.3	.2	29	1.8	4.8
Total, largest 100 companies . . .	45	118	64.8	1.2	1,362	83.4	11.5

1/ Sales during 1961. Based on data from 12,000 Leading U.S. Corporations.

2/ Total number of acquisitions for each group of companies (given in preceding column) divided by 182, the total number of retail grocery store acquisitions reported for all retail grocery companies.

3/ Total number of acquisitions for each group of companies divided by the total number of companies in each group.

4/ Total number of establishments for each group of companies divided by 1,634, the total reported number of retail grocery store establishments acquired.

5/ Total establishments divided by total acquisitions for each group.

retail grocery store acquisitions and 80 percent of all the retail grocery store establishments acquired. In contrast, the next 50 chains accounted for 8 percent of the total number of acquisitions of retail grocery store businesses and only 3 percent of the establishments.

Sales of all retail grocery store establishments acquired from 1959 to 1964 were estimated at more than \$2 billion (table 16). The 10 leading chains acquired establishments whose sales comprised 43 percent of the total.

Acquisitions of Food Businesses Not in Retail Food Trade

The number of acquisitions of food businesses not primarily engaged in the retail grocery store trade was small in comparison with acquisitions of retail grocery stores. Twenty-three retail grocery store companies made 31 such acquisitions between 1959-64, accounting for 12 percent of the total acquisitions (table 15). For the 1952-58 period, acquisitions of food businesses not primarily engaged in the retail food trade totaled 14 percent of the total acquisitions.

The nature of the acquisitions of food companies not primarily engaged in the retail grocery store trade may be described in 2 ways: By principal product

and by primary function. Most of the acquisitions were of companies engaged in either the dairy or the baking industries. The primary function of 14 acquisitions was processing; of 9, was retailing; and of 4, was wholesaling. Over half were made by the second largest 25 chains. The largest 25 grocery chains made fewer acquisitions of this type.

Nonfood Acquisitions

The period 1959-64 saw a marked increase in the number of acquisitions by the grocery store companies of nonfood establishments. Between 1952-58, only 4 percent were in nonfood industries, compared with 16 percent in 1959-64 (table 15).

These acquisitions ranged from a bolt and screw company to drug and department stores. Nonfood acquisitions averaged 6.7 acquisitions per year for the 1959-64 period compared with 1.6 acquisitions during the 1952-58 period.

The majority of the nonfood acquisitions--29--were retail businesses. Twelve of the acquired retail businesses were department store operators (including variety and discount department stores) while 11 were drug retailers.

MEATPACKERS' COSTS FOR FRESH BEEF AND PORK ^{1/}

How much do meatpackers' services cost for Choice beef and fresh pork? How are costs of packers' services allocated among labor, packaging materials, grading services, buying and selling, and operating overhead? How do costs and services for beef compare with those for pork? And how do meatpackers' costs compare with their price spreads for beef and pork?

Recent surveys of costs of a selected group of commercial-scale meatpackers provided some answers to these questions. Reporting packers were located in the Eastern and Western Cornbelt and in the Southeast and the Southwest. Records used in the beef cost analysis were from packers slaughtering mostly steers and heifers. Data from packers slaughtering medium-weight hogs and cutting hog carcasses into fresh pork were included in the pork analysis. Non-reporting packers may have incurred different selling, shipping and handling costs, depending on the distances between their plants and major distribution centers, differing volumes of output, and the method of selling.

Cost of Function

For packers surveyed, costs of buying cattle (not including cost of cattle) averaged about 0.12 cent per wholesale pound, and costs of selling meat to wholesale and retail customers average 0.16 to 0.19 cent during September 1963-February 1964 (table 18). Buying hogs cost about 0.16 to 0.18 cent per wholesale pound, and selling pork cuts to wholesale and retail customers about 0.33 to 0.35 cent (table 18). More beef than pork was sold in carcass form, and the larger weight per beef item sold reduced selling costs per pound.

Costs of dressing, packaging, and loading averaged about 2.8 to 2.9 cents per wholesale pound for fresh beef compared with about 3.2 to 3.4 cents for fresh pork.

Shipping costs from packing plants to wholesale distributors averaged 0.69 to 0.76 cent per wholesale pound of dressed beef and 0.31 cent per pound of pork. Local delivery to retailers added 0.31 to 0.37 cent per wholesale pound to packer costs for beef and 0.30 to 0.34 cent per pound for pork.

Labor, Packaging, and Overhead Costs

For reporting packers, labor costs in killing and dressing were slightly higher for pork than for beef during September 1963-February 1964 (table 19). Dressing room operations differed somewhat: For beef, the hide was removed; for pork, the carcass was scaled, dehaired, and singed. Beef hides were handled with relatively low labor costs. Order filling and loading labor costs were lower for pork than for beef. Total labor costs averaged 1.2 cents per wholesale pound for beef and about 1.9 cents per pound for pork. Total labor costs were lower for beef than for pork mainly because cutting costs were much larger for pork than for beef. Most beef is sold in carcass form, and most fresh pork in about a dozen wholesale cuts. (The small cutting costs for beef are included in killing room or shipping-cooler costs.)

Packaging costs were higher for pork than for beef, because there were more individual cuts of pork to be wrapped and packed. On the other hand, fixed plant and administrative expenses averaged about one-fourth higher for beef than for pork.

Differences in labor-time used and average labor costs per man-hour accounted for different labor costs for beef and pork. Plant records showed that for killing room operations, fresh beef required only slightly less labor per wholesale pound than fresh pork.

^{1/} Prepared by Donald B. Agnew, agricultural economist, Marketing Economics Division, Economic Research Service.

Table 18.--Average costs of dressing and shipping fresh beef and pork per wholesale pound, selected packers, by function, fall and winter, 1963-64

Function	Beef		Pork	
	Sept.-Nov. 1963	Dec. 1963-Feb. 1964	Sept.-Nov. 1963	Dec. 1963-Feb. 1964
	Cents	Cents	Cents	Cents
Buying cattle and hogs	0.12	0.11	0.16	0.18
Dressing, packaging <u>1/</u>	2.78	2.87	3.24	3.42
Shipping dressed meat .....	.69	.76	.31	.31
Selling .....	.16	.19	.33	.35
Total	3.75	3.93	4.04	4.26
Local delivery to retailers ..	.31	.37	.30	.34
Total costs	4.06	4.30	4.34	4.60

1/ Includes grading for beef.

Table 19.--Labor, packaging, and fixed plant and administrative costs for fresh beef and pork per wholesale pound, selected packers, fall and winter, 1963-64

Operation	Beef		Pork	
	Sept.-Nov. 1963	Dec. 1963-Feb. 1964	Sept.-Nov. 1963	Dec. 1963-Feb. 1964
	Cents	Cents	Cents	Cents
Labor costs:				
Killing room <u>1/</u>	0.77	0.74	0.83	0.76
Hide cellar .....	.09	.09	---	---
Cutting cost:				
Wholesale cuts	---	---	.71	.67
Additional trim	---	---	.07	.10
Total .....			.78	.77
Order filling and loading ..	.40	.39	.28	.33
Total	1.26	1.22	1.89	1.86
Packaging <u>2/</u> .....	.12	.12	.30	.30
Fixed plant and administrative costs	1.40	1.53	1.05	1.26

1/ Includes offal and chill cooler.

2/ Includes grading for beef.

(table 20). However, labor cost per man-hour in killing room operations averaged about one-fifth higher for beef than for pork.

beef on an equivalent retail pound basis during September 1963-February 1964 were:

Packer Costs and Spreads

Most of the packers surveyed reported price-spread data as well as operating costs. Gross spreads (difference between returns to packers per 100 pounds of meat and byproducts (wholesale weight) and the costs of livestock and purchased carcasses) averaged higher for pork than for beef during both reporting periods (table 21). Despite considerably higher operating costs, fresh pork operations returned higher partial net margins per wholesale pound (margins before payment of income taxes, interest, and returns to investment) than did beef operations. Partial net margins per wholesale pound for these reporting packers decreased between fall and winter.

Costs Per Retail Pound

Because of cutting losses in preparing carcasses for retail, costs of dressing and shipping fresh beef per retail pound usually average about one-third higher than the same costs per wholesale pound. However, costs per retail pound of pork were only fractionally higher than the same costs on a wholesale pound basis. Cutting losses averaged about 22 to 25 percent for beef and only 2 to 6 percent for pork. Further, much of the pork sold by retailers is cured and smoked, sliced, perhaps pre-cooked, or processed into sausage--all at additional costs.

Packers' costs of dressing and shipping

	Cents per retail pound
Buying cattle	0.15 - 0.16
Selling beef to wholesale and retail customers	.21 - .25
Dressing, packaging and loading	3.71 - 3.83
Shipping from plant to wholesale markets	.92 - 1.01
Local delivery	.41 - .49

Costs of meatpacker services are a small proportion of the retail price of both beef and fresh pork--about 5 percent and 8 percent, respectively, of the U.S. average retail prices of beef and pork for the reporting months.

ERS surveys continue to show considerable variation in costs among reporting packers for both beef and pork operations. ^{2/} Differences in labor cost among plants were attributable partly to local and regional wage-rate differentials, partly to varying efficiency in use of labor. These factors were partially offsetting in their effect on total labor cost. Labor costs in some plants ranged as low as one-third less than the average for all plants and some as much as one-half above the average. In recent years, many new meatpacking plants have been built and much old, inefficient equipment has been replaced. This has helped packers generally to keep their costs low.

^{2/} See Meatpackers' Costs and Spreads for Beef, ERS-135, reprinted from the Marketing and Transportation Situation, August 1963; and Meatpackers' Costs for Slaughtering Hogs and Distributing Fresh Pork, ERS-160, reprinted from the Marketing and Transportation Situation, February 1964.

Table 20.--Labor used and cost per man-hour, selected packers, per 100 pounds whole-sale beef and pork, fall and winter, 1963-64

Item	Beef		Pork	
	Sept.-Nov. 1963	Dec. 1963- Feb. 1964	Sept.-Nov. 1963	Dec. 1963- Feb. 1964
	<u>Man-hours</u>	<u>Man-hours</u>	<u>Man-hours</u>	<u>Man-hours</u>
Labor used per 100 pounds of wholesale product:				
Killing room <u>1</u> /	0.21	0.20	0.23	0.22
Hide cellar .....	.03	.03	---	---
Cutting room	---	---	.20	.19
Order filling <u>2</u>/ .....	.11	.12	---	---
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Labor cost per man-hour:				
Killing room <u>1</u> /	4.05	3.88	3.28	3.34
Hide cellar	2.51	2.62	---	---
Cutting room	---	---	3.21	3.32
Order filling <u>2</u> /	3.30	3.24	---	---

1/ Includes offal and chill cooler.

2/ Shipping cooler.

Table 21.--Costs and spreads for fresh beef and pork per 100 pounds of wholesale products, selected packers, fall and winter, 1963-64

Item	Beef		Pork	
	Sept.-Nov. 1963	Dec. 1963- Feb. 1964	Sept.-Nov. 1963	Dec. 1963- Feb. 1964
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Returns to packers <u>1</u> /	40.59	38.68	31.87	31.13
Costs of purchased livestock and carcasses	36.72	34.65	26.25	25.31
Packers' spread	3.87	4.03	5.62	5.82
Operating costs and delivery	2.61	2.99	4.34	4.60
Partial net margin <u>2</u> /	1.26	1.04	1.28	1.22

1/ Includes at-plant value for byproducts before processing.

2/ Before payment of interest, taxes and returns to investment.

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2. "Alternative Markets for Cattle Hide Trim," by Frederick J. Poats and John W. Thompson, U.S. Dept. Agr., Econ. Res. Ser., ERS-217, Feb. 1965.
3. "Charges for Ginning Cotton, Costs of Selected Services Incident to Marketing, and Related Information, Season 1964-65," U.S. Dept. Agr., Econ. Res. Ser., ERS-2 (1965), May 1965.
4. "Completely Launderable All-Wool Apparel: The Potential Market," by Larry B. Clayton, U.S. Dept. Agr., Econ. Res. Ser., MRR-688, Jan. 1965.
5. "Conversion Factors and Weights and Measures for Agricultural Commodities and Their Products," U.S. Dept. Agr., Econ. Res. Ser., Stat. Bull.-362, June 1965.
6. "Cooked Soybeans for Feed," by Harry O. Doty, Jr., U.S. Dept. Agr., Econ. Res. Ser., ERS-228, Apr. 1965.
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8. "Economics of Segmenting Cattle Hides," by John W. Thompson and Frederick J. Poats, U.S. Dept. Agr., Econ. Res. Ser., ERS-215, Feb. 1965.
9. "Economies of Scale in Turkey Hatcheries," by John R. Pedersen, U.S. Dept. Agr., Econ. Res. Ser., MRR-719, July 1965.
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45. "The Traffic Pattern of American Raw Cotton Shipments, Season 1961-62," by Joseph R. Potter, Jr., U.S. Dept. Agr., Econ. Res. Ser., MRR-705, Apr. 1965.
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47. "Utilization and Cost of Labor for Ginning Cotton," by C. Curtis Cable, Jr., Zolon M. Looney, and Charles A. Wilmot, U.S. Dept. Agr., Econ. Res. Ser., AER-70, Apr. 1965.

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Stations may be obtained from the issuing Station.

Table 22.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, April-June 1965

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,038.45	---	---	410.25	628.20	40
Meat products			292.20	---	---	164.07	128.13	56
Dairy products			177.83	---	---	77.12	100.71	43
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	82.63	---	---	46.40	36.23	56
Bakery and cereal products 3/	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61		160.87	---	---	32.54	128.33	20
All ingredients			---	30.56	5.30	25.26	---	16
Grain			241.06	---	---	70.01	171.05	29
All fruits and vegetables			124.71	---	---	44.73	79.98	36
Fresh fruits and vegetables			43.48	---	---	13.00	30.48	30
Fresh fruits			81.23	---	---	31.73	49.50	39
Fresh vegetables			116.35	---	---	25.28	91.07	22
Processed fruits and vegetables			37.73	---	---	11.79	25.94	31
Fats and oils			46.13	---	---	8.32	37.81	18
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	80.6	53.0	4.9	48.1	32.5	60
Lamb, Choice grade	2.33 lb. lamb	Pound	78.6	54.8	8.2	46.6	32.0	59
Pork	2.00 lb. hogs	Pound	59.7	40.4	5.2	35.2	24.5	59
Butter	Cream and whole milk	Pound	74.9	---	---	54.3	20.6	72
Cheese, American process	Milk for American cheese	Pound	37.6	---	---	15.1	22.5	40
Ice cream	Cream, milk, and sugar	gallon	79.3	---	---	24.7	54.6	31
Milk, evaporated	Milk for evaporating	14 3/8-ounce can	15.2	---	---	6.5	8.7	43
Milk, fresh								
Home delivered	4.39 lb. Class I milk	gallon	52.1	---	---	20.9	31.2	40
Sold in stores	4.39 lb. Class I milk	gallon	46.7	---	---	20.9	25.8	45
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	39.0	---	---	21.1	17.9	54
Eggs, Grade A large	1.03 dozen	Dozen	49.2	---	---	28.6	20.6	58
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.9	---	---	3.3	17.6	16
Wheat .....	.877 lb. wheat	Pound	---	3.0	.4	2.6	---	12
Bread, whole or cracked wheat	Wheat and other ingredients	Pound	26.8	---	---	3.0	23.8	11
Cookies, sandwich	Wheat and other ingredients	Pound	50.8	---	---	4.2	46.6	8
Corn flakes	2.87 lb. yellow corn	12 ounces	28.9	4/6.5	4/3.8	4/2.7	26.2	9
Flour, white	6.8 lb. wheat	5 pounds	58.2	23.0	2.7	20.3	37.9	35
Apples	1.04 lb. apples	Pound	19.0	---	---	5.9	13.1	31
Grapefruit	1.03 grapefruit	Bush	13.9	---	---	3.0	10.9	22
Lemons	1.04 lb. lemons	Pound	24.2	---	---	6.9	17.3	29
Oranges	1.03 doz. oranges	Dozen	74.5	---	---	18.0	56.5	24
Cabbage	1.08 lb. cabbage	Pound	13.0	---	---	4.7	8.3	36
Carrots	1.03 lb. carrots	Pound	15.1	---	---	4.8	10.3	32
Celery	1.08 lb. celery	Pound	15.5	---	---	4.8	10.7	31
Cucumbers	1.09 lb. cucumbers	Pound	25.4	---	---	6.3	19.1	25
Lettuce	1.88 lb. lettuce	Head	29.3	---	---	12.9	16.4	44
Onions	1.06 lb. onions	Pound	12.7	---	---	4.9	7.8	39
Peppers, green	1.09 lb. peppers	Pound	45.4	---	---	15.7	29.7	35
Potatoes	10.42 lb. potatoes	10 pounds	112.1	---	---	49.2	62.9	44
Spinach .....	.71 lb. spinach	10 ounces	29.2	---	---	5.1	24.1	17
Tomatoes	1.18 lb. tomatoes	Pound	39.1	---	---	14.2	24.9	36
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2 1/2 can	32.2	---	---	5.0	27.2	16
Pears, canned	1.85 lb. pears for canning	No. 2 1/2 can	44.8	---	---	8.1	36.7	18
Beets, canned	1.24 lb. beets for canning	No. 303 can	16.5	---	---	1.2	15.3	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	19.9	---	---	2.5	17.4	13
Peas, canned .....	.69 lb. peas for canning	No. 303 can	23.8	---	---	3.2	20.6	13
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	16.0	---	---	2.8	13.2	18
Orange juice, concentrate, frozen ..	3.63 lb. oranges	6-ounce can	23.7	---	---	9.9	13.8	42
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	17.2	---	---	4.5	12.7	26
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.6	---	---	3.5	17.1	17
Beans, navy	1.00 lb. Mich. dry beans	Pound	17.2	---	---	6.1	11.1	35
Margarine	Soybeans, cottonseed, and milk	Pound	28.0	---	---	8.8	19.2	31
Peanut butter	1.33 lb. peanuts	12-ounce jar	45.0	---	---	15.3	29.7	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	35.0	---	---	9.2	25.8	26
Vegetable shortening	Soybeans and cottonseed	3 pounds	89.3	---	---	30.6	58.7	34
Sugar	Sugar beets and cane	5 pounds	59.1	22.6	1.4	5/21.2	5/37.9	5/36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15 1/2-ounce can	15.0	---	---	1.8	13.2	12

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.2 cents, farm-retail spread adjusted for Government processor tax was 35.2 cents, and farmer's share of retail cost based on adjusted farm value was 43 percent.

Table 23.--Farm food products: Retail cost and farm value, April-June 1965, January-March 1965, April-June 1964 and 1957-59 average

Product 1/	Retail unit	Retail cost						Percentage change:						Net farm value 2/						Percentage change:					
		1965		1964 3/		1957-59 average		Apr.-June 1965		Apr.-June 1965		Apr.-June 1965		1964 3/		1957-59 average		Apr.-June 1965		Apr.-June 1965		Apr.-June 1965		Apr.-June 1965	
		Dollars		Dollars		Dollars		Percent		Percent		Percent		Percent		Percent		Percent		Percent		Percent		Percent	
		Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1964 3/	Jan.-Mar. 1964	Apr.-June 1957-59 average	Jan.-Mar. 1957-59 average	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965	Apr.-June 1965	Jan.-Mar. 1965
Market basket		1,038.45	1,014.63	1,003.99	982.65	2	3	410.25	3/382.56	360.42	387.87	7	14												
Meat products		292.20	282.31	273.37	285.05	4	7	164.07	139.92	129.13	154.47	17	27												
Dairy products	Average quantities purchased	177.83	179.44	177.98	173.33	-1	4/	77.12	79.50	76.18	77.85	-3	1												
Poultry and eggs	per urban wage-earner and	82.63	81.80	80.43	93.02	1	3	46.40	45.62	43.82	56.28	2	6												
Bakery and cereal products 2/	clerical-worker household in 1960-61	160.87	161.01	158.96	148.40	4/	1	32.54	33.19	30.25	30.55	-2	8												
All ingredients		241.06	226.80	231.68	202.96	6	4	70.01	3/63.24	62.84	50.05	11	11												
Grain		124.71	109.25	110.47	91.15	14	13	44.73	36.61	36.88	28.70	22	21												
All fruits and vegetables		43.48	39.47	45.98	36.26	10	-5	13.00	12.47	16.37	12.26	4	-21												
Fresh fruits and vegetables		81.23	69.78	64.49	54.89	16	26	31.73	24.14	20.51	16.44	31	55												
Fresh fruits																									
Fresh vegetables																									
Processed fruits and vegetables		116.35	117.55	121.21	111.81	-1	-4	25.28	3/26.63	25.96	21.35	-5	-3												
Fats and oils		37.73	37.08	34.62	37.56	2	9	11.79	3/12.73	9.55	11.19	-7	23												
Miscellaneous products		46.13	46.19	46.95	42.33	4/	-2	8.32	3/8.36	8.65	7.48	4/	-4												
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent												
Beef, Choice grade	Pound	80.6	78.6	76.0	78.1	3	6	48.1	43.6	40.3	48.3	10	19												
Lamb, Choice grade	Pound	78.6	75.4	71.9	70.0	4	9	46.6	42.1	40.7	40.2	11	14												
Pork	Pound	59.7	56.8	54.8	60.5	5	9	35.2	28.3	25.9	31.0	24	36												
Butter	Pound	74.9	75.1	73.8	72.2	4/	1	54.3	53.5	52.4	52.6	1	4												
Cheese, American process	1/2 pound	37.6	37.5	36.6	33.2	1/	3	15.1	15.4	14.7	14.2	-2	3												
Ice cream	1/2 gallon	79.3	79.5	81.0	84.2	1/	-2	24.7	24.8	24.3	23.4	4/	2												
Milk, evaporated	14 1/2-ounce can	15.2	15.2	14.9	14.5	0	2	6.5	6.6	6.3	6.2	-2	3												
Milk, fresh																									
Home delivered	1/2 gallon	52.1	52.8	52.4	50.8	-1	-1	20.9	21.9	20.8	21.9	-5	4/												
Sold in stores	1/2 gallon	46.7	47.5	47.2	46.6	-2	-1	20.9	21.9	20.8	21.9	-5	1/												
Chickens, frying, ready-to-cook ..	Pound	39.0	38.3	37.3	43.5	2	5	21.1	20.6	18.9	24.4	2	12												
Eggs, Grade A large	Dozen	49.2	49.4	49.1	56.2	4/	4/	28.6	28.5	28.7	36.1	4/	4/												
Bread, white																									
All ingredients	Pound	20.9	21.0	20.6	18.5	4/	1	3.3	3.3	2.9	3.0	0	14												
Wheat	Pound	---	---	---	---	---	---	2.6	2.7	2.3	2.4	-4	13												
Bread, whole or cracked wheat ..	Pound	26.8	26.7	26.2	---	4/	2	3.0	3.0	2.7	---	0	11												
Cookies, sandwich	Pound	50.8	50.9	51.1	---	1/	-1	4.2	4.4	4.1	---	-5	2												
Corn flakes	12 ounces	28.9	29.0	28.5	24.5	1/	1	2.7	2.6	2.6	2.4	4	4												
Flour, white	5 pounds	58.2	58.1	56.4	53.3	1/	3	20.3	20.7	17.8	18.8	-2	14												
Apples	Pound	19.0	16.3	19.3	16.1	17	-2	5.9	3/5.5	7.0	4.7	7	-16												
Grapefruit	Each	13.9	12.5	15.6	10.7	11	-11	3.0	2.4	4.6	2.7	25	-35												
Lemons	Pound	24.2	24.6	20.6	18.4	-2	17	6.9	7.1	4.6	4.2	-3	50												
Oranges	Dozen	74.5	75.4	83.5	66.0	-1	-11	18.0	21.2	25.9	23.2	-15	-31												
Cabbage	Pound	13.0	10.7	10.4	8.7	21	25	4.7	2.9	2.4	2.4	62	96												
Carrots	Pound	15.1	14.6	14.1	14.5	3	7	4.8	3.7	3.1	3.7	30	55												
Celery	Pound	15.5	15.7	15.2	15.3	-1	2	4.8	4.7	4.1	4.4	2	17												
Cucumbers	Pound	25.4	25.3	23.1	---	4/	10	6.3	9.3	6.9	---	-32	-9												
Lettuce	Head	29.3	23.1	21.7	22.6	27	35	12.9	6.3	5.2	6.0	105	148												
Onions	Pound	12.7	11.0	11.3	10.1	15	12	4.9	2.8	3.0	3.4	75	63												
Peppers, green	Pound	45.4	31.3	40.3	---	45	13	15.7	10.4	13.0	---	51	21												
Potatoes	10 pounds	112.1	95.3	75.9	58.3	16	48	49.2	42.6	31.4	17.8	15	57												
Spinach	10 ounces	29.2	28.5	27.3	---	2	7	5.1	5.6	4.6	---	-7	11												
Tomatoes	Pound	39.1	33.8	36.0	30.1	16	9	14.2	10.5	11.2	10.6	35	27												
Peaches, canned	No. 2 1/2 can	32.2	31.8	34.2	34.3	1	-6	5.0	3/5.0	4.6	6.1	0	9												
Pears, canned	No. 2 1/2 can	44.8	45.6	50.1	---	-2	-11	8.1	3/8.1	10.1	---	0	-20												
Beets, canned	No. 303 can	16.5	16.4	16.7	---	1	-1	1.2	1.2	1.1	---	0	9												
Corn, canned	No. 303 can	19.9	19.6	18.9	17.8	2	5	2.5	2.5	2.4	2.4	0	4												
Peas, canned	No. 303 can	23.8	23.0	22.8	21.0	3	4	3.2	3.2	2.9	3.1	0	10												
Tomatoes, canned	No. 303 can	16.0	16.0	15.9	15.6	0	1	2.8	2.8	2.5	2.3	0	12												
Orange juice, concentrate, frozen	6-ounce can	23.7	27.4	31.5	23.4	-14	-25	9.9	13.2	15.8	8.2	-25	-37												
French fried potatoes, frozen ..	9 ounces	17.2	16.9	16.8	---	2	---	4.5	3.7	2.2	---	22	105												
Peas, frozen	10 ounces	20.6	20.6	20.9	19.9	0	-1	3.5	3.5	3.0	3.2	0	17												
Beans, navy	Pound	17.2	17.2	16.7	16.3	0	3	6.1	6.9	6.5	6.9	-12	-6												
Margarine	Pound	28.0	27.7	26.1	27.4	1	7	8.8	9.6	6.7	7.8	-8	31												
Peanut butter	12-ounce jar	45.0	44.7	43.6	41.4	1	3	15.3	15.6	15.0	14.1	-2	2												
Salad and cooking oil	Pint	35.0	33.8	31.8	---	4	10	9.2	10.1	7.5	---	-9	23												
Vegetable shortening	3 pounds	89.3	87.5	77.9	90.4	2	15	30.6	33.4	24.0	28.2	-8	28												
Sugar	5 pounds	59.1	58.9	65.8	54.5	4/	-10	21.2	21.2	24.3	20.2	0	-13												
Spaghetti with sauce, canned	15 1/2-ounce can	15.0	15.1	15.0	---	-1	0	1.8	3/1.9	1.6	---	-5	12												

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most retail cost and farm value figures for April-June 1964 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the net farm value for July 1964 to date is based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

Table 24.--Farm food products: Farm-retail spread and farmer's share of the retail cost, April-June 1965, January-March 1965, April-June 1964 and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/					Farmer's share				
		Apr.- June 1965	Jan.- Mar. 1965	Apr.- June 1964	1957-59 average	Percentage change Apr.-June 1965 from:		Apr.- June 1965	Jan.- Mar. 1965	Apr.- June 1964	1957-59 average
				3/		Jan.- Mar. 1965	Apr.- June 1964			3/	
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		628.20	3/632.07	643.57	594.78	-1	-2	40	38	36	39
Meat products		128.13	142.39	144.24	130.58	-10	-11	56	50	47	54
Dairy products		100.71	99.94	101.80	95.48	1	-1	43	44	43	45
Poultry and eggs		36.23	3/36.18	36.61	36.74	4/	-1	56	56	54	61
Bakery and cereal products 5/											
All ingredients	Average quantities purchased per urban wage-earner and	128.33	127.82	128.71	117.85	4/	4/	20	21	19	21
Grain	clerical-	---	---	---	---	---	---	16	16	14	16
All fruits and vegetables	worker	171.05	3/163.56	168.84	152.91	5	1	29	28	27	25
Fresh fruits and vegetables ..	household	79.98	72.64	73.59	62.45	10	9	36	34	33	31
Fresh fruits	in	30.48	27.00	29.61	26.00	13	3	30	32	36	34
Fresh vegetables	1960-61	49.50	45.64	43.98	38.45	8	13	39	35	32	30
Processed fruits and vegetables		91.07	3/90.92	95.13	90.46	4/	-4	22	23	21	19
Fats and oils		25.94	3/24.35	25.07	26.37	7	3	31	34	28	30
Miscellaneous products		37.81	3/37.83	38.30	34.85	4/	-1	18	3/18	18	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	32.5	35.0	35.7	29.8	-7	-9	60	55	53	62
Lamb, Choice grade	Pound	32.0	33.3	31.2	29.8	-4	3	59	56	57	57
Pork	Pound	24.5	28.5	28.9	29.5	-14	-15	59	50	47	51
Butter	Pound	20.6	21.6	21.4	20.6	-5	-4	72	71	71	72
Cheese, American process	1/2 pound	22.5	22.1	21.9	18.1	2	3	40	41	40	44
Ice cream	1/2 gallon	54.6	54.7	56.7	60.8	4/	-4	31	31	30	28
Milk, evaporated	1 1/2-ounce can	8.7	8.6	8.6	8.3	1	1	43	43	42	43
Milk, fresh											
Home delivered	1/2 gallon	31.2	30.9	31.6	28.9	1	-1	40	41	40	43
Sold in stores	1/2 gallon	25.8	25.6	26.4	24.7	1	-2	45	46	44	47
Chickens, frying, ready-to-cook ..	Pound	17.9	17.7	18.4	19.1	1	-3	54	54	51	56
Eggs, Grade A large	Dozen	20.6	20.9	20.4	20.1	-1	1	58	58	58	64
Bread, white											
All ingredients	Pound	17.6	17.7	17.7	15.5	-1	-1	16	16	14	16
Wheat	Pound	---	---	---	---	---	---	12	13	11	13
Bread, whole or cracked wheat ..	Pound	23.8	23.7	23.5	---	4/	1	11	11	10	---
Cookies, sandwich	Pound	46.6	46.5	47.0	---	1/	-1	8	9	8	---
Corn flakes	12 ounces	26.2	26.4	25.9	22.1	-1	1	9	9	9	10
Flour, white	5 pounds	37.9	37.4	38.6	34.5	1	-2	35	36	32	35
Apples	Pound	13.1	3/10.8	12.3	11.4	21	7	31	34	36	29
Grapefruit	Each	10.9	10.1	11.0	8.0	8	-1	22	19	29	25
Lemons	Pound	17.3	17.5	16.0	14.2	-1	8	29	29	22	23
Oranges	Dozen	56.5	54.2	57.6	42.8	4	-2	24	28	31	35
Cabbage	Pound	8.3	7.8	8.0	6.3	6	4	36	27	23	28
Carrots	Pound	10.3	10.9	11.0	10.8	-6	-6	32	25	22	26
Celery	Pound	10.7	11.0	11.1	10.9	-3	-4	31	30	27	29
Cucumbers	Pound	19.1	16.0	16.2	---	19	18	25	37	30	---
Lettuce	Head	16.4	16.8	16.5	16.6	-2	-1	44	27	24	27
Onions	Pound	7.8	8.2	8.3	6.7	-5	-6	39	25	27	34
Peppers, green	Pound	29.7	20.9	27.3	---	42	9	35	33	32	---
Potatoes	10 pounds	62.9	53.7	44.5	40.5	17	41	44	44	41	31
Spinach	10 ounces	24.1	22.9	22.7	---	5	6	17	20	17	---
Tomatoes	Pound	24.9	23.3	24.8	19.5	7	4/	36	31	21	35
Peaches, canned	No. 2 1/2 can	27.2	3/26.8	29.6	28.2	1	-8	16	3/16	13	18
Pears, canned	No. 2 1/2 can	36.7	3/37.5	40.0	---	-2	-8	18	3/18	20	---
Beets, canned	No. 303 can	15.3	15.2	15.6	---	1	-2	7	7	7	---
Corn, canned	No. 303 can	17.4	17.1	16.5	15.4	2	5	13	13	13	13
Peas, canned	No. 303 can	20.6	19.8	19.9	17.9	4	4	13	14	13	15
Tomatoes, canned	No. 303 can	13.2	13.2	13.4	13.3	0	-1	18	18	16	15
Orange juice, concentrate, frozen	6-ounce can	13.8	14.2	15.7	15.2	-3	-12	42	48	50	35
French fried potatoes, frozen	9 ounces	12.7	13.2	14.6	---	-4	-13	26	22	13	---
Peas, frozen	10 ounces	17.1	17.1	17.9	16.7	0	-4	17	17	14	16
Beans, navy	Pound	11.1	10.3	10.2	9.4	8	9	35	40	39	42
Margarine	Pound	19.2	18.1	19.4	19.6	6	-1	31	35	26	28
Peanut butter	12-ounce jar	29.7	29.1	28.6	27.3	2	4	34	35	34	34
Salad and cooking oil	Pint	25.8	23.7	24.3	---	9	6	26	30	24	---
Vegetable shortening	3 pounds	58.7	54.1	53.9	62.2	9	9	34	38	31	31
Sugar	5 pounds	37.9	37.7	41.5	34.3	1	-9	36	36	37	37
Spaghetti with sauce, canned	1 1/2-ounce can	13.2	3/13.2	13.4	---	0	-1	12	3/13	11	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread and farmer's share figures for April-June 1964 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share for July 1964 to date is based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

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